

Washington, Saturday, September 26, 1959

Title 2—THE CONGRESS

ACTS APPROVED BY THE PRESIDENT

Cross Reference: A list of current public laws approved by the President appears at the end of this issue immediately preceding the Cumulative Codification Guide.

Title 6—AGRICULTURAL CREDIT

Chapter III—Farmers Home Administration, Department of Agriculture

SUBCHAPTER D—SOIL AND WATER CONSERVATION LOANS

[FHA Instruction 442.1, Adm. Letter 544(440)]

PART 351—POLICIES AND AUTHORITIES

Miscellaneous Amendments

1. The citations of authority covering §§ 351.1 to 351.6 are revised to read as follows:

AUTHORITY: §§ 351.1 to 351.6 issued under sec. 2, 50 Stat. 869, as amended, secs. 5, 6, 50 Stat. 870, secs. 9, 10, 68 Stat. 735, sec. 11, 72 Stat. 841; 16 U.S.C. 590s, 590v, 590w, 590x-2, 590x-3, 590x-4; Order of Acting Sec. of Agri., 19 F.R. 74, 77; 22 F.R. 8188. Additional authority is cited in parentheses following the sections affected.

2. Section 351.1, Title 6, Code of Federal Regulations (20 F.R. 1962, 21 F.R. 1226, 22 F.R. 9409, 23 F.R. 161) is revised to define the types of loans, prescribe the preference for making insured loans over direct loans, to make certain other minor changes, and to read as follows:

§ 351.1 General.

This part outlines the policies and authorities for making insured and direct Soil and Water Conservation loans under the Act of August 28, 1937, as amended. As used herein, the term "insured loan" means a loan made from funds furnished by lenders and insured by the Government at the time of closing, or a loan made from the insurance fund pursuant to Public Law 85–748 (72 Stat, 890), and insured by the Government

subsequent to closing, or both, as appropriate. "Direct loan" means a loan made from funds authorized annually by the Congress. The making of loans to Indians, and permitees and lessees on Indian trust lands, is subject to the additional policies and procedures contained in Part 392 of this chapter.

(a) Objectives. The basic objectives of Soil and Water Conservation loans are to encourage and facilitate the improvement, protection, and proper use of farm land by providing adequate financing for soil conservation; water development, conservation, and use; forestation; drainage of farm land; the establishment and improvement of permanent pasture; and other related measures.

(b) Insured loan preference. Whenever possible, the credit needs of an applicant will be met with an insured loan. If a local or state lender is not available, the loan may be made from the insurance fund provided (1) funds are available, and (2) the loan is not less than \$3.000.

(c) Veterans' preference. Veterans will be given preference for Soil and Water Conservation loans. When it appears that available funds will be inadequate to meet the needs of all applicants, the applications on hand from veterans will be processed first.

(d) Compliance with special laws and regulations. Applicants for Soil and Water Conservation loans will be required to comply with Federal, State, and local laws and regulations governing diverting, appropriating, and using water; installing facilities for draining land; and making changes in the use of land affected by zoning regulations.

(1) In making a Soil and Water Conservation loan involving the use of surface water by an applicant in states where the right to use such water is not granted or controlled pursuant to State statutes, it should be determined that one or more of the following conditions are or will be present:

(i) Water will be diverted from a major stream on which the use of water will not likely be contested or enjoined.

(ii) The ultimate success of the applicant's farming operations and the repayment of the loan will not be dependent upon the water supply diverted

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from a minor stream on which the continued use of water could be denied, and the applicant will give sufficient security to protect the interest of the Government. In such instances, real estate. taken as security for the loan should be appraised without taking into account the value of the farm from improvements to be financed with the Soil and Water Conservation loan.

(iii) Flood waters will be diverted and impounded in an offstream storage reservoir without conflict with the rights of other users.

(iv) The applicant can furnish evidence of existing uses of the proposed source of water and evidence to provide reasonable assurance that his proposed diversion and use of water from streams, lakes, springs, or other sources will not interfere with any vested water right and will not likely be contested or enjoined by other water users or riparian owners.

(2) If under the provision of State law, notice of the proposed diversion and use of water by the applicant may be filed even though such filing is not a prerequisite to the diversion or use of the water, the applicant will be required to file such notice. Even though such record may be optional under State law, the record might be of value at some future time to protect the bor-rower's rights or priority to the use of water should it ever be necessary to prove the date on which the water was placed in beneficial use.

(3) When required by State law, permission to construct water and drainage facilities and the approval of plans and specifications for such facilities will be obtained from appropriate State officials.

(4) When planned improvements to be financed with Soil and Water Conservation loans will result in a conflict with restrictions on the use of land in zoned areas, the applicant will be required to obtain permission from appropriate State officials to make such improvements.

(e) Compliance with recommended practices. Soil and Water Conservation loans may be made only to establish or apply soil conservation, water development or use, or drainage practices that are in accord with recommendations made by the State Agricultural Exten-

sion Service or the Soil Conservation § 351.2 Loans to individuals. Service.

(f) County Committee certifications. No Soil and Water Conservation loan will be made unless the County Committee certifies that the applicant is eligible for such assistance. When the farm to be improved is taken as security for an individual loan, the Committee will certify as to the fair and reasonable value of the farm based on its normal market value after the contemplated improvements are made.

(g) Relationship of Soil and Water Conservation loans to Farm Ownership and Operating loans. Each eligible applicant should be encouraged to obtain the type of Farmers Home Administration loan best suited to his needs. Soil and Water Conservation loans will be made only to those applicants whose special credit needs properly can be met under Soil and Water Conservation loan authorities.

(1) The land improvement and water development credit needs of applicants who are receiving either initial or subsequent Operating loans generally will be met with Operating loans. However, where substantial amounts for such purposes are involved, a Soil and Water Conservation loan may be made to a borrower indebted for an Operating loan or in connection with an initial Operating loan.

(2) A Soil and Water Conservation loan will not be made to an applicant who is receiving a Farm Ownership loan. When an applicant who is eligible for a Farm Ownership loan needs credit for building improvement, as well as land improvement or water development, his total needs should be met with a Farm Ownership loan.

(3) Generally, additional land improvement and water development needed by a Farm Ownership borrower will be met with a subsequent Farm Ownership loan. However, when such costs are relatively small, a Soil and Water Conservation loan may be made to a Farm Ownership borrower provided the loan approval official determines that the sum of the Soil and Water Conservation loan, less any amount to be used for the purchase of chattel property, and the unpaid balance of the Farm Ownership loan and prior lien, if any, will not exceed the loan limitations that would be applicable if a subsequent Farm Ownership loan were being made.

3. Paragraphs (b) (2) (xi) and (xii). (d), (e), (f), and (j) of § 351.2, Title 6, Code of Federal Regulations (20 F.R. 1962, 21 F.R. 1226, 7929, 9757, 23 F.R. 10507, 24 F.R. 6831) are revised to clarify the limitation on debts incurred prior to loan closing, make certain changes with respect to the application of Agricultural Conservation Program payments to borrowers' accounts, reflect changes in the interest rate, limit the making of insured loans to an amount not in excess of 90 percent of the value of the security less prior liens, provide for taking severance agreements under certain conditions, change the basis on which the County Committee will determine the value of farms, and to read as follows:

*

(b) Use of loan funds. * * *

(xi) That part of the cost of facilities, improvements, and practices which is to be earned by participation in the Agricultural Conservation Program and which can be covered by purchase orders or assignments to material suppliers, contractors, and so forth. Soil and Water Conservation loan funds may be advanced to cover all or part of the cost of work for which the Agricultural Conservation Program payment will be made only when it is not possible to use purchase orders or such assignments. In such instance, the borrower will be required to assign to the Farmers Home Administration all or that portion of the Agricultural Conservation Program payment to be earned for practices for which Soil and Water Conservation loan funds are advanced whenever the amount of the assignment likely will be more than \$100. Such payment generally will be applied to the Soil and Water Conservation account as an extra payment; however, if the borrower will not have sufficient income from other sources to make the payment on his Soil and Water Conservation loan, all or a portion of the Agricultural Conservation Program payment may be used to pay any amount behind schedule plus the amount due for the year. Such Agricultural Conservation Program payment will not be used to get a borrower ahead of schedule.

(xii) Debts incurred prior to the closing of a Soil and Water Conservation loan, except fees for legal, engineering, and other technical services. The County Supervisor, not later than the time of planning farm improvements, will advise each applicant that construction work should not be started and debts for such work or materials should not be incurred before the loan is closed. If, nevertheless, the applicant incurs debts for materials or construction before the loan is closed, the State Director may authorize in writing the use of Soil and Water Conservation funds to pay such debts only when he finds that all the following conditions exist: The debts were incurred after the applicant filed a written application for a loan, except that in the case of a subsequent loan to complete improvements previously planned. debts were incurred after the initial loan was closed; the applicant is unable to pay such debts from his own resources and to obtain credit from other sources. and failure to authorize the use of Soil and Water Conservation funds to pay such debts would impair the applicant's financial position; the debts were in-curred for authorized Soil and Water Conservation loan purposes; and the construction or repair work conforms to that shown on Form FHA-643, "Farm Development Plan."

(d) Rates and terms—(1) Interest rates. (i) For insured loans, the interest rate will be 5 percent per year on the unpaid principal. However, the Administrator and individual lenders may agree on the making of loans at a lower interest rate. The Government will retain out of interest payments an annual charge which in no case will be less than 1 percent per year on the unpaid principal.

(ii) For direct Soil and Water Conservation loans, the interest rate will be 5 percent per year on the unpaid principal.

- (2) Repayments. Each Soil Water Conservation loan will be scheduled for repayment within the shortest period consistent with the ability of the borrower to pay. No loan secured only by a chattel lien will be scheduled for repayment over a period which exceeds the anticipated useful life of the security. In no case will the repayment period exceed 20 years from the date of the first installment.
- (i) Payments will be scheduled annually on January 1 starting with the first January 1 following the date of loan closing.
- (ii) Soil and Water Conservation loans will be amortized in equal annual installments, except that:
- (a) For a direct loan or an insured loan by a private lender or from the insurance fund, the first installment may be for an amount equal to the interest to become due from the date of the note to the next January 1 whenever it appears the borrower will not have sufficient funds to pay a full amortized installment prior to the first January 1 following the date of loan closing. In no case, however, will the first installment be an amount less than one dollar.
- (b) For a direct loan or an insured loan by a private lender, if the lender is agreeable, the first two or the first three installments may be for an amount equal to the interest to become due on the note when major improvements are planned in connection with the Soil and Water Conservation loan, and the borrower's estimated net income after paying necessary expenses is insufficient to pay a full amortized installment for any of these
- (iii) Each Soil and Water Conservation borrower may make payments in any amount at any time. If the regular payments exceed the cumulative amount due on the note, such excess payments will be applied on installments next to become due in future years. In the case of insured loans, no payment will be made from the insurance fund to the holder of the note unless the cumulative amount of regular payments made on the note is less than the cumulative amount due as of January 1.
- (iv) Payments, other than amounts owed the insurance fund, made on an insured Soil and Water Conservation loan will be credited to the borrower's account as of the date the payment is remitted to a holder of the note. Payments made during a calendar quarter will be remitted to the holder of the note at the end of the quarter, except that when payments received in the Finance Office during a calendar quarter aggregate \$200 or more they will be remitted to the holder, and payments of past-due amounts on the note received in the Finance Office before the holder is paid from the insurance fund will be remitted to the holder.

(3) Refinancing loans. Each borrower will be required to refinance the unpaid balance of this Soil and Water Conservation loan when he is able to obtain a loan for this purpose at reasonable rates and terms from a responsible private or cooperative source of credit.

(e) Loan limitations. (1) Soil and Water Conservation loans (initial or subsequent) will not be approved to any individual which will result in the principal indebtedness of the individual for Soil and Water Conservation loans (including prior Water Facilities loans) exceeding \$25,000. The total amount of loans to individuals who own or operate a farm jointly also is limited to \$25,000 principal indebtedness for Soil and Water Conservation loans (including prior Water Facilities loans)

(2) Insured loans will not be approved to any individual in excess of 90 percent of the value of the security less any prior lien indebtedness.

(f) Security requirements—(1) General. All Soil and Water Conservation loans will be secured in a manner which adequately will protect the interest of

the Government.

(i) Loans to be repaid in not more than seven years from the date of the first installment may be secured by a lien on either real estate or chattel property or both.

(ii) Loans to be repaid in more than seven years from the date of the first installment ordinarily will be secured by the best lien obtainable on the farm to be improved. When necessary, a lien also may be taken on other real estate or on chattel property as additional security.

(iii). Loans also may be secured by pledges or assignments of water stock, irrespective of the number of years over which the loan will be repaid.

(2) Chattel property. A lien may be taken on selected items of chattel property when such a lien will not interfere seriously with the applicant's obtaining

needed operating credit.

- (i) When only a chattel lien is taken as security for a Soil and Water Conservation loan, it ordinarily will be a first lien. In an exceptional case, a lien subject only to the lien held by one other creditor or the Farmers Home Administration may be taken on chattel property, provided all of the following conditions exist:
- (a) The Soil and Water Conservation indebtedness of the borrower will not exceed \$1,500.
- (b) The Soil and Water Conservation loan will be repaid in not more than three years from the date of the first installment.
- (c) The applicant clearly has equity in the chattels to be given as security in excess of the amount of the Soil and Water Conservation loan.
- (ii) When only a chattel lien is taken as security for a Soil and Water Conservation loan, a first lien will be taken on major items of machinery or equipment purchased with loan funds. If any such items are or will become attached to the real estate, a severance agreement will be obtained in connection with securing the chattel lien.
- (iii) In some States original notes evidencing Soil and Water Conservation

loans cannot be scheduled for payment over the payment periods which may be needed by some applicants because chattel liens in those States are not valid for that period of time. The State Director for such a State will develop a state instruction for taking a chattel lien as security for a loan to be repaid within a period longer than the period for which a chattel lien is valid in the State.

(3) Real estate. (i) When real estate is taken as security and the value of the security is adequate to secure the Soil and Water Conservation loan, a chattel lien need not be taken.

(ii) When real estate is taken as security and the value of the security is not adequate to secure the Soil and Water Conservation loan, the best lien obtainable will be taken on selected items of chattel property as additional security, except in such cases a first lien will be taken on chattel property purchased with loan funds. When the Farmers Home Administration real estate lien securing the Soil and Water Conservation loan is junior to another lien and major items of machinery and equipment are to be purchased with loan funds and such items are or will become attached to the real estate, a severance agreement will be obtained in connection with securing the chattel lien.

(iii) When real estate is taken as security and the applicant owns or will acquire water rights, a lien will be taken on such rights. When the right to receive water is represented by stock or membership in an association, such stock or membership will be assigned or pledged in addition to the lien on real

estate.

(4) Water stock. When a loan is made only for the purchase of shares of water stock, such stock will be pledged or assigned as security for the loan. No other security may be required if the stock represents a right to receive water for irrigation purposes, if it can be resold readily by the pledgee or assignee. and if the purchase price is no greater than the price at which stock in the particular company is normally sold.

(5) Special requirements. (i) liens on real estate will be taken subject to the title requirements of Soil and Water Conservation loans to individuals.

- (ii) A lien will be taken also on the rights-of-way and easements owned or acquired by the borrower for use in connection with the proposed improvement or facility, if it is necessary to do so in order to protect adequately the Government's financial or security interests.. For example, if a mortgage is taken on a farm, the mortgage should include any rights-of-way appurtenant thereto or to be used in connection therewith. Likewise, if a mortgage is taken on a pipeline located on a right-of-way, a mortgage should also be taken on the right-of-way. Applicants will obtain partial releases or consents to easements and rights-of-way across privately owned tracts of land from any holder of outstanding liens disclosed by title evidence.
- (iii) When a junior lien is taken on real estate, the prior mortgage must not contain future advance provisions, re-

payment schedules that the borrower cannot meet in addition to repaying his Soil and Water Conservation Ioan, or any other provisions which might jeopardize the security position of the Government and the borrower's ability to repay the Soil and Water Conservation Ioan, unless the creditor agrees to modify, waive, or subordinate the undesirable features of his mortgage. The prior lien must be properly recorded and permit assignment or transfer.

(iv) If the borrower is a purchase contract holder, his farm may be accepted as security for a Soil and Water Conservation loan if, under the terms of his contract, he has a mortgageable interest in his property, the contract is not subject to summary cancellation upon default, and it meets the other requirements outlined in the preceding subdivision.

(v) When a Soil and Water Conservation loan is to be secured by jointly-owned property and the loan is made to one or more of the joint owners, all of the joint owners will be required to execute the Soil and Water Conservation mortgage, but only the person or persons receiving the loan will be required to execute the note.

(vi) When a loan is made to a corporation engaged in farming, the Soil and Water Conservation note and mortgage will be executed by the appropriate officials on behalf of the corporation and, in order to evidence their personal obligation for the debt, the note will be executed by each person holding as much as ten percent of the stock in the corporation.

(j) Appraisals. For each Soil and Water Conservation loan secured by a lien on the farm to be improved, the County Committee will certify as to the fair and reasonable value of the farm based on its normal market value after the contemplated improvements are made.

Dated: September 22, 1959.

C. WILDER SMITH, Acting Administrator, Farmers Home Administration.

[F.R. Doc. 59-8057; Filed, Sept. 25, 1959; 8:47 a.m.]

Title 7—AGRICULTURE

Chapter IX—Agricultural Marketing Service (Marketing Agreements and Orders), Department of Agriculture

PART 904-MILK IN GREATER BOSTON, MASS., MARKETING AREA

PART 996—MILK IN SPRINGFIELD, MASS., MARKETING AREA

PART 999—MILK IN WORCESTER, MASS., MARKETING AREA

Order Suspending Certain Provisions

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the orders regulating the handling

of milk in the Greater Boston, Massachusetts, marketing area (7 CFR Part 904), the Springfield, Massachusetts, marketing area (7 CFR Part 996), and the Worcester, Massachusetts, marketing area (7 CFR Part 999), it is hereby found and determined that:

(a) For the month of October 1959 all the provisions of § 904.48(b), § 996.48(b) and § 999.48(b) of the respective orders, except the provision "The supply-demand adjustment factor shall be" and the provision ".90" as they appear in subparagraph (4) no longer tend to effectuate the declared policy of the Act.

The supply-demand adjuster, as set forth in section 48(b) of the respective orders, is intended to reflect in the computation of the New England basic Class I price for the current month the current regional supply-demand balance based on experience in the second and third preceding months as measured by conditions existing in the Greater Boston, Springfield and Worcester markets. Plants have shifted from the previously regulated markets to the Southeastern New England and Connecticut markets with the institution of regulation in those markets and there has been some shifting of Class I sales among markets. These developments have resulted in an apparent shortening of the regional supply as measured by the mechanics of the supply-demand adjuster in the Greater Boston, Springfield and Worcester orders. However, all available information indicates that, in fact, there has been no significant change in the actual supply-demand situation in the region. Failure to suspend the provisions quoted hereinbefore may result in a Class I price for the month of October 1959 in the five New England Federal order markets higher than would otherwise prevail. Any price higher than that which would result from this action would be higher than that necessary to provide an adequate supply of pure and wholesome milk would not be compatible with the intended seasonality of pricing, would be higher than justified by the actual supply-demand situation and would not be appropriately aligned with prices in the nearby New York-New Jersey market.

(b) Notice of proposed rule making, public procedure thereon, and 30 days notice of effective date hereof are not practical, not necessary, and contrary to public interest in that:

(1) This suspension order does not require of persons effected, substantial or extensive preparation prior to the effective date.

(2) This suspension order is necessary to reflect current marketing conditions and to maintain orderly marketing conditions in each of the respective marketing areas.

Therefore, good cause exists for making this order effective October 1, 1959.

It is therefore ordered, That the aforesaid provisions of the aforesaid orders are hereby suspended effective September 1, 1959 for the month of October 1959

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Issued at Washington, D.C., this 23d day of September 1959.

CLARENCE L. MILLER,
Assistant Secretary.

[F.R. Doc. 59-8055; Filed, Sept. 25, 1959; 8:47 a.m.]

[Valencia Orange Reg. 184]

PART 922-VALENCIA ORANGES GROWN IN ARIZONA AND DESIGNATED PART OF CALIFORNIA

Limitation of Handling

§ 922.484 Valencia Orange Regulation 184.

(a) Findings. (1) Pursuant to the marketing agreement and Order No. 22, as amended (7 CFR Part 922), regulating the handling of Valencia oranges grown in Arizona and designated part of California, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.; 68 Stat. 906, 1047), and upon the basis of the recommendations and information submitted by the Valencia Orange Administrative Committee, established under the said marketing agreement and order, as amended, and upon other available information, it is hereby found that the limitation of handling of such Valencia oranges as hereinafter provided will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rulemaking procedure, and postpone the effective date of this section until 30 days after publication hereof in the FEDERAL REGISTER (60 Stat. 237; 5 U.S.C. 1001 et seq.) because the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient, and a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions hereof effective as hereinafter set forth. The committee held an open meeting during the current week, after giving due notice thereof, to consider supply and market conditions for Valencia oranges and the need for regulation; interested persons were afforded an opportunity to submit information and views at this meeting; the recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after such meeting was held; the provisions of this section, including its effective time, are identical with the aforesaid recommendation of the committee, and information concerning such provisions and effective time has been disseminated among handlers of such Valencia oranges; it is necessary, in order to effectuate the declared policy of the act, to make this section effective during the period herein specified; and compliance with this section will not require any special prep-

aration on the part of persons subject hereto which cannot be completed on or before the effective date hereof. Such committee meeting was held on Septem-

ber 24, 1959.
(b) Order. (1) The respective quantities of Valencia oranges grown in Arizona and designated part of California which may be handled during the period beginning at 12:01 a.m., P.s.t., Septemtember 27, 1959, and ending at 12:01 a.m., P.s.t., October 4, 1959, are hereby fixed as follows:

(i) District 1: Unlimited movement;

(ii) District 2: 924,000 cartons;

(iii) District 3: Unlimited movement. (2) All Valencia oranges handled during the period specified in this section are subject also to all applicable size restrictions which are in effect pursuant

to this part during such period. (3) As used in this section, "handled,"
"handler," "District 1," "District 2,"
"District 3," and "carton" have the same meaning as when used in said marketing agreement and order, as amended.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated: September 25, 1959.

S. R. SMITH, Director, Fruit and Vegetable Division, Agricultural Marketing Service.

[F.R. Doc. 59-8157; Filed, Sept. 25, 1959; 11:36 a.m.]

[Lemon Reg. 812]

PART 953—LEMONS GROWN IN CALIFORNIA AND ARIZONA

Limitation of Handling

§ 953.919 Lemon Regulation 812.

(a) Findings. (1) Pursuant to the marketing agreement, as amended, and . Order No. 53, as amended (7 CFR Part 953; 23 F.R. 9053), regulating the handling of lemons grown in California and Arizona, effective under the applicable provisions of the Agricultural Marketing Agreement Act-of 1937, as amended (7 U.S.C. 601 et seq.; 68 Stat. 906, 1047), and upon the basis of the recommendation and information submitted by the Lemon Administrative Committee, established under the said amended marketing agreement and order, and upon other available information, it is hereby found that the limitation of handling of such lemons as hereinafter provided will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication hereof in the FEDERAL REGISTER (60 Stat. 237; 5 U.S.C. 1001 et seq.) because the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient, and a reasonable

time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions hereof effective as hereinafter set forth. The committee held an open meeting during the current week, after giving due notice thereof, to consider supply and market conditions for lemons and the need for regulation; interested persons were afforded an opportunity to submit information and views at this meeting; the recommendation and supporting information for reg-'ulation during the period specified herein were promptly submitted to the Department after such meeting was held; the provisions of this section, including its effective time, are identical with the aforesaid recommendation of the committee, and information concerning such provisions and effective time has been disseminated among handlers of such lemons; it is necessary, in order to effectuate the declared policy of the act, to make this section effective during the period herein specified; and compliance with this section will not require any special preparation on the part of persons subject hereto which cannot be completed on or before the effective date hereof. Such committee meeting was held on September 23, 1959.

(b) Order. (1) The respective quantities of lemons grown in California and Arizona which may be handled during the period beginning at 12:01 a.m., P.s.t., September 27, 1959, and ending at 12701 a.m., P.s.t., October 4, 1959, are hereby

fixed as follows:

(i) District 1: Unlimited movement;

(ii) District 2: 186,000 cartons;(iii) District 3: Unlimited movement.

(2) As used in this section, "handled,"
"District 1," "District 2," "District 3," and "carton" have the same meaning as when used in the said amended marketing agreement and order.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated: September 24, 1959.

S. R. SMITH, Director, Fruit and Vegetable Division, Agricultural Marketing Service.

[F.R. Doc. 59-8113; Filed, Sept. 25, 1959; 9:40 a.m.j

Title 21—FOOD AND DRUGS

Chapter I—Food and Drug Administration, Department of Health, Edu- § 120.169 Tolerances for residues of cation, and Welfare

SUBCHAPTER B-FOOD AND FOOD PRODUCTS

PART 19—CHEESES; PROCESSED CHEESES; CHEESE FOODS; CHEESE SPREADS, AND RELATED FOODS; **DEFINITIONS AND STANDARDS OF IDENTITY**

Spiced Cheeses, Cold-Pack Cheese, and Cold-Pack Cheese Food; Effective Date of Order Amending Standard of Identity

Pursuant to the provisions of the Federal Food, Drug, and Cosmetic Act (sec.

701, 52 Stat. 1055, as amended 70 Stat. 919; 21 U.S.C. 371) and in accordance with the authority delegated to the Commissioner of Food and Drugs by the Secretary of Health, Education, and Welfare (22 F.R. 1045, 23 F.R. 9500), notice is hereby given that no objections were filed to the order published in the FED-ERAL REGISTER of August 13, 1959 (24 F.R. 6581), and the amendments promulgated by that order will become effective on October 12, 1959.

(Sec. 701, 52 Stat. 1055, as amended; 21 U.S.C. 371. Interprets or applies sec. 401, 52 Stat. 1046, as amended; 21 U.S.C. 341)

Dated: September 21, 1959.

[SEAL] JOHN L. HARVEY, Deputy Commissioner of Food and Drugs.

[F.R. Doc. 59-8048; Filed, Sept. 25, 1959; 8:46 a.m.]

PART 120-TOLERANCES AND EX-**EMPTIONS FROM TOLERANCES FOR** PESTICIDE CHEMICALS IN OR ON RAW AGRICULTURAL COMMODI-TIES

Tolerance for Residues of 1-Naphthyl N-Methylcarbamate

A petition was filed with the Food and Drug Administration by Union Carbide Chemicals Corporation, 30 East Fortysecond Street, New York, New York, requesting the establishment of a tolerance for residues of 1-naphthyl Nmethylcarbamate in or on cottonseed.

The Secretary of Agriculture has certified that this pesticide chemical is useful for the purpose for which a tolerance

is being established.

After consideration of the data submitted in the petition and other relevant material which show that the tolerance established in this order will protect the public health, and by virtue of the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (sec. 408 (d) (2), 68 Stat. 512; 21 U.S.C. 346a(d) (2)) and delegated to the Commissioner of Food and Drugs by the Secretary (21 CFR, 1958 Supp., 120.7(g)), the regulations for tolerances for pesticide chemicals in or on raw agricultural commodities (24 F.R. 1982, 24 F.R. 2982) are amended by changing § 120.169 to read as follows:

1-naphthyl N-methylcarbamate.

Tolerances are established for residues of 1-naphthyl N-methylcarbamate, including its hydrolysis product 1-naphthol calculated as 1-naphthyl N-methylcar-bamate, in or on raw agricultural commodities, as follows:

(a) 10 parts per million in or on apples, beans, grapes, peaches, pears.

(b) 5 parts per million in or on cottonseed.

Any person who will be adversely affected by the foregoing order may, at any time prior to the thirtieth day from the effective date thereof, file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, 330 Independence Avenue SW., Washington 25, D.C., written objections thereto. Objections shall show wherein the person filing will be adversely affected by this order, specify with particularity the provisions of the order deemed objectionable and reasonable grounds for the objections, and request a public hearing upon the objections. Objections may be accompanied by a memorandum or brief in support thereof. All documents shall be filed in quintuplicate.

Effective date. This order shall be effective upon publication in the FEDERAL REGISTER.

(Sec. 408(d)_(2), 68 Stat. 512; 21 U.S.C. 346a (d)(2))

Dated: September 22, 1959.

[SEAL]

JOHN L. HARVEY, Deputy Commissioner of Food and Drugs.

[F.R. Doc. 59-8058; Filed, Sept. 25, 1959; 8:48 a.m.]

Title 50—WILDLIFE

Chapter I—Fish and Wildlife Service,
Department of the Interior

SUBCHAPTER C-MANAGEMENT OF WILDLIFE CONSERVATION AREAS

PART 17—LIST OF AREAS National Wildlife Refuges

CROSS REFERENCE: For order modifying the boundaries of the Wheeler National Wildlife Refuge, as established by Executive Order 7926 of July 7, 1938 (§ 17.3), see Public Land Order 1988 in the Appendix to Title 43, Chapter I, supra.

Title 47—TELECOMMUNICATION

Chapter I—Federal Communications
Commission

[Docket No. 8333; FCC 59-970]

PART 3—RADIO BROADCAST SERVICES

Daytime Skywave Transmissions

MISCELLANEOUS AMENDMENTS

In the matter of promulgation of rules and regulations and standards of good Engineering Practice concerning Daytime Skywave Transmissions of Standard Broadcast Stations, Docket No. 8333.

- 1. This proceeding was instituted by a Notice of Proposed Rule Making adopted May 8, 1947, "to receive evidence concerning the existence and extent of daytime skywave transmissions of Standard Broadcast Stations and to promulgate whatever rules and regulations may be necessary." The purpose, then, of this proceeding is to determine:
- The existence and extent of skywave transmissions of standard broadcast stations during daylight hours;
- (2) Whether, in light of the Commission's basic allocation policies, stations receive an adequate degree of protection

from such interference as may be caused by daytime skywave transmissions;

(3) If they do not, whether the Commission's rules should be revised to accord additional protection from such interference.

In March 1954 a Proposed Report and Order herein was adopted, announcing certain tentative conclusions which are referred to below (see FCC 54-333, 10 Pike & Fischer R.R. 1541).

- 2. Section 303(f) of the Act provides inter alia that the Commission shall "make such regulations not inconsistent with law as it may deem necessary to prevent interference between stations." By this section, the Commission is delegated the authority to determine the extent to which stations shall be protected against interference, and, concomitantly the authority to determine the extent to which interference between stations shall be permitted to exist. This broad delegation leaves within our discretion (subject to the always-present criterion of the public interest) both the determination of what degree of interference shall be considered excessive, and the methods by which such excessive interference shall be avoided.1
- 3. The present proceeding is concerned with the standard broadcast (AM) band, from 540 kc to 1600 kc. Whenever two or more standard broadcast stations operate simultaneously on the same or closely adjacent frequencies, each interferes to some extent with reception of the other. The extent of such interference—which may be so slight as to be undetectable at any point where either of the stations renders a usable signal, or may be so great as to virtually destroy the service areas of both stations-depends on many factors, among the principal ones being the distance between the stations, their respective radiated power, and, of particular significance here, the time of day. Other factors playing a part in the extent of AM service and interference are the frequency involved, the time of year, the position of the year in the sunspot cycle, ground conductivity along the transmission path, atmospheric and man-made noise, and others. With the existence of these many factors, some of them variable, it obviously has never been and is not now possible for the Commission to make assignments of AM stations on a case-to-case basis which will ensure against any interference in any circumstances. Rather, such assignments are made, as they must be, on the basis of certain over-all rules and standards, representing to some extent a statistical approach to the problem, taking into account for each situation some of the variables (e.g. power and station separations) and averaging out others in order to achieve the balance which must be struck between protection against destructive interference and the assignment of a number of stations large enough to afford optimum radio serv-

ice to the nation. An example of the over-all standards applied is the 20-to-1 ratio established for the determination of that degree of co-channel interference which is regarded as objectionable. By this standard, it is determined that where two stations operating on the same frequency are involved, objectionable interference from Station A exists at any point within the service area of Station B where Station A's signal is of an intensity 1/20th or more of the strength of Station B's signal at that point.

4. The 20-to-1 ratio for co-channel interference embodies one of the fundamental limiting principles which we must always take into account in AM assignments and allocations-that signals from a particular station are potential sources of objectionable interference over an area much greater than that within which they provide useful service. A second fundamental principle is that involved particularly in the present proceeding-the difference between nighttime and daytime propagation conditions with respect to the standard broadcast frequencies. This is a phenomenon familiar to all radio listeners, resulting from reflection of skywave signals at night from the ionized layer in the upper atmosphere known as the ionosphere. All AM stations radiate both skywave and groundwave signals, at all hours; but during the middle daytime hours these skywave radiations are not reflected in any substantial quantity, and during this portion of the day both skywave service and skywave interference are, in general, negligible. But during nighttime hours the skywave radiations are reflected from the ionosphere, thereby creating the possibility of one station's rendering service, via skywave, at a much greater distance than it can through its groundwave signal, and at the same time vastly complicating the interference problem because of the still greater distance over which these skywaye signals may cause interference to the signals of stations on the same and closely adjacent frequen-Because of the difference between daytime and nighttime propagation conditions, it has been necessary to evolve different allocation structures for daytime and nighttime broadcasting in the AM band, with many more stations operating during the day than at night.

5. It was recognized years ago that the transition from daytime to nighttime propagation conditions, and vice versa, is not an instantaneous process, but takes place over periods of time from roughly two hours before sunset until about two hours after sunset, and again from roughly two hours before sunrise until some two hours after sunrise. During the period of about four hours around sunset, skywave transmission conditions are building up until full nighttime conditions prevail; during the same period around sunrise skywave transmission is declining, until at about two hours after sunrise it reaches a point where it becomes of little practical significance. However, in this case as elsewhere it was necessary to arrive at a single standard to be applied to all situations, rep-

¹The material which was for many years contained in the Commission's "Standards of Good Engineering Practice Concerning Standard Broadcast Stations" was in 1955 incorporated into Part 3 of our rules, as §§ 3.181 to 3.190 thereof.

resenting an averaging of conditions, and thus to fix particular points in time which would be considered the dividing points between daytime and nighttime conditions. It was determined that the hours of sunrise and sunset, respectively, should be used for this purpose. Accordingly, the 1938-1939 rules adopted these hours as limitations upon the operation of daytime stations. Class II stations operating on clear channels are required to cease operation or operate under nighttime restrictions beginning either at local sunset (for daytime Class II stations) or sunset at the location of the dominant Class I station where located west of the Class II stations (for limited-time Class II stations).

The same restrictions apply after local sunset in the case of Class III stations operating on regional channels, which after that time are required to operate under nighttime restrictions in order to protect each other. With respect to nighttime assignments, the degree of skywave service and interference is determined by skywave curves (Figs. 1 and 2 of § 3.190 of the rules) giving average skywave values. These curves were derived by an analysis of extensive skywave measurement data. It was recognized that skywave signals, because of their reflected nature, are of great variability. and subject to wide fluctuations in strength. For this reason, the more uncertain skywave service was denominated "secondary" in our rules, as compared to the steadier, more reliable ground-wave "primary service", and, for both skywave service and skywave interference, signal strength is expressed in terms of percentage of time a particular signal-intensity level is exceeded—50 percent of the time for skywave service, 10 percent of the time for skywave inter-

ALLOCATION POLICIES

- 6. As mentioned, the allocation of AM stations represents a balance between protection against interference and the provision of opportunity for an adequate number of stations. The rules and policies to be applied in this process of course must be based on objectives which represent what is to be desired if radio service is to be of maximum use to the nation. Our objectives, as we have stated many times, are:
- (1) To provide some service to all listeners;
- (2) To provide as many choices of service to as many listeners as possible;
 (3) To provide service of local origin to as many listeners as possible.

Since broadcast frequencies are very limited in number, these objectives are to some extent inconsistent in that not all of them can be fully realized, and to the extent that each is realized, there is a corresponding reduction of the possibilities for fullest achievement of the others. Accordingly, the Commission has recognized that an optimum allocation pattern for one frequency does not necessarily represent the best pattern for other frequencies, and has assigned different frequencies for use by different classes of stations. Some 45 frequencies are assigned for use primarily by domi-

nant Class I-A or Class I-B clear channel stations, designed to operate with adequate power and to provide serviceboth groundwave and (at night) sky-wave—over large areas and at great distances, being protected against interference to the degree necessary to achieve this objective. In dealing with these frequencies, the objective listed first above—provision of service to all listeners—was predominant; the other objectives were subordinated to it. The Class I stations on these clear channels are protected to their 0.1 mv/m groundwave contours against daytime co-channel interference. With respect to sky-wave service rendered at night, Class I-A stations are the only stations permitted to operate in the United States on clear channels specified for Class I-A operation, and so render skywave service free from co-channel interference wherever they may be received; Class I-B stations are protected at night to their 0.5 mv/m 50 percent time skywave contours against co-channel interference. Since the provision of skywave service requires adequate freedom from interference only Class I stations are capable of rendering skywave service. nighttime operation by stations of other classes of course entails skywave interference to groundwave service, interference which is substantial unless steps are taken to minimize it.

7. With respect to other frequencies, these are designated as regional or local, and assigned for use by Class III and Class IV stations, respectively, stations operating generally with lower power. In the allocation pattern worked out for these frequencies, the provision of longrange service has to some extent been subordinated to the other two objectives—assignment of multiple facilities, and assignment of stations in as many communities as possible.

8. As mentioned, the primary allocation objective to be followed in the allocation of stations on clear channels is the provision of widespread service, free from destructive interference. During nighttime hours, because of the intense skywave propagation then prevailing, no large number of stations can be permitted to operate on one of these channels, if the wide area service for which these frequencies are assigned is to be rendered satisfactorily by the dominant stations which must be relied upon to render it. Therefore, under our longstanding allocation rules, on some of these channels no station other than the dominant (Class I-A) station is permitted to operate at night, so that the I-A station can render service, interferencefree, wherever it can be received. the remainder of the clear channels, the dominant (Class I-B) stations are protected as described above, and the relatively small number of secondary (Class II) stations permitted to operate on these channels at night are required to operate directionally and/or with reduced power so as to protect the Class I stations. In the daytime, on the other hand, since skywave transmission is relatively inefficient, it is possible to assign a substantially larger number of stations on these channels. Additional Class II assignments for daytime operation can be made without causing destructive interference to the Class I stations or to each other, and by their operation provide additional service on these channels and additional local outlets for a large number of communities. Such additional daytime Class II assignments are appropriate if optimum use is to be made of these frequencies, and the Commission has over the years made a large number of them. Similarly, on the regional channels many Class III stations have been assigned either to operate daytime only or to operate nighttime with directional antennas and/or lower power.

9. Essentially, the question presented for decision in the present Daytime Skywave proceeding is whether our decision (in 1938–1939) to assign stations on the basis of daytime conditions from sunrise to sunset, is sound as a basis for AM allocations, or whether, in the light of later developments and new understanding, skywave transmission is of such significance during the hours immediately before sunset and after sunrise that this condition should be taken into account, and some stations required to afford protection to other stations during these hours.

THE HISTORY OF THE PROCEEDING

10. The decision reached in 1938-1939 was made after the accumulation of a large amount of data and thorough study thereof. Since then, there has been a notable increase in the number of stations and also the accumulation of additional data and the development of new techniques for using it, leading to a better understanding of propagation phenomena. In 1947, affidavits were filed with the Commission by various clear channel stations alleging that extensive interference was being caused to the service areas of these stations during daylight hours, from Class II stations whose signals were being reflected from the ionosphere so as to create skywave interference. These assertions were the basis of appeals to the United States Court of Appeals for the District of Columbia, which in one case, on the basis of the claims, stayed the effectiveness of a construction permit issued by the Commission. In the light of these complaints and the increase in knowledge, the Commission recognized the need for a reevaluation of the problems arising during these transitional hours. Accordingly, in May 1947 the Notice of Proposed Rule Making in this proceeding was adopted. Hearings were held before a Board of Commissioners in June 1947. In December 1947 the Commission consolidated this matter with the Clear Channel proceeding (Docket 6741) and Oral Argument was held before the Commission in both proceedings. In August 1953 the Commission severed the present proceeding from Docket 6741.

THE 1954 REPORT AND ORDER, AND SUBSEQUENT DEVELOPMENTS

11. On March 11, 1954, we adopted herein a Proposed Report and Order and Notice of Proposed Rule Making. Therein, we described at length the background and history of this matter, and announced certain tentative conclusions.

These may be summarized as follows: (1) the record shows that skywave transmission during the transitional hours before sunset and after sunrise is of significant amount, and hence Class II stations cause considerable interference in some cases during these hours to Class I stations operating on the same frequency (the case of Station WCKY, Cincinnati, was noted particularly); (2) it is appropriate to consider correcting limitations only with respect to protection of Class I stations, since the record compiled herein dealt chiefly with interference to such stations and since, furthermore. the reason compelling the readjustment is the necessity of affording some service to all areas and population. This is a primary objective in the allocation of Class I stations which are not intended to be subjected to extensive interference, whereas in allocation of other classes of stations other objectives are of more importance and interference is tolerated to a greater extent; (3) Class I stations should be protected on the basis of conditions as of sunset minus two hours, further limitation on Class II stations being too restrictive and this one representing a reasonable balance: (4) such limitation should be confined to the period of two hours before sunset and two hours after sunrise, and not extended through the remainder of the daylight period, because any additional protection during these hours is needless and unwarranted; (5) the protection of Class I stations against skywave interference during these daylight hours, which is in addition to whatever protection is afforded by our present rules concerning groundwave service and interference, should be limited to protection from cochannel skywaye interference, since any adjacent-channel interference at SS minus 2 hours is so slight as not to require any protection rule; (6) with respect to all hours of the day other than the two hours before sunset and two hours after sunrise, existing rules would apply to assignment and the determination of interference, including use of the existing skywave curves for determination of nighttime radiations.

12. To implement these conclusions, we proposed the adoption of certain curves and a table (see Report and Order of March 11, 1954, Appendix II), from which there could be computed the maximum permissible radiation from a Class II station, on a given frequency and at a given distance and azimuth from the 0.1 mv/m groundwave contour of the co-channel Class I station, in the direction of that station, during the two hours before sunset and two hours after sunrise. The computation process involved determining from two sets of curves two figures of millivolts per meter (varying with distance from the Class I station's 0.1 my/m contour and azimuth between the stations), multiplying each of these figures by a constant given for each frequency, and adding the sum of the two products thus obtained, to get the permissible radiation for the Class II station at the given distance and azimuth and on the given frequency. Through the use of these curves, the effect of frequency is taken into account in each individual case. We noted that the record shows that skywave transmission and interference are substantially greater at higher frequencies; therefore, in order to equalize interference conditions across the band (which is desirable especially because Class I stations on the higher clear channels are limited in their groundwave service because of poorer groundwave propagation) more restriction on Class II stations is required in the higher frequencies than on the lower channels.

13. Our Proposed Report and Order contained other proposals, relating to termination of the operation by limitedtime Class II stations located east of the dominant Class I station during the "bonus hours" between local sunset at the location of the Class II station and. sunset at the location of the Class I station, and relating to a partial lifting of the "freeze" on the processing of applications for facilities on clear channels. With respect to the scope of our proposed revisions, in the Report and Order itself it was proposed only to apply them to future authorizations; the question of the applicability of the proposed restrictions to presently existing stations was made the subject of a Notice of Further Proposed Rule Making issued at the same time. Lastly, we decided that instead of issuing the Report and Order in final form we would issue it as a proposal, with comments thereon to be received and oral argument held.

14. Oral argument on the proposals for prospective assignments was held on July 15, 1954. On January 26, 1955, the Commission adopted a Notice stating that.

* * * the Commission is of the present view that the proposal of the Commission upon which oral argument was held would appear to present a more equitable basis for a change in the Commission's Rules than any of the counterproposals submitted in the proceeding. Upon such review, however, we are not convinced that we should make final our judgment in this respect without the benefit of the comments which are to be submitted in the portion of this proceeding raising the question of the application of any rules that may be adopted to existing stations as well as to prospective applications * * *

Comments and reply comments were received until May 1, 1955.

15. Only two parties to the proceeding supported adoption of the Proposed Report and Order. All of the others opposed it, on various grounds. There was attack on the conclusions reached as to the existence and effect of skywave transmission during the transitional hours involved, including assertions that the data used as a basis was inadequate and/or not properly analyzed, that the extrapolation employed with respect to time of day and as to distance was not proper, that no consideration was given to finite ground conductivity and that groundwave values used were based on soil conductivity values since superseded by a new soil conductivity map. It was also asserted that no adequate studies of areas and populations which would be affected by the proposed rules had been made. Some parties urged that the protection proposed is not sufficient, for example, that conditions at sunset or SS minus one hour should be considered as the basis instead of conditions at SS minus two hours. Many Class II and Class III stations urged that their operations should also be protected. Other parties urged that too much protection would be afforded; one aspect of this attack was upon the concept of affording protection to a Class I station's 0.1 mv/m groundwave contour, and it was argued that fading, noise, etc., make service out as far as that contour of little value in any event. It was also argued that daytime protection standards should be worked out and applied to particular situations where necessary, on a case-to-case basis. It was also urged that our judgment involved policy considerations should not be decided out of the context of the clear channel proceeding. There was also attack on the Report and Order on procedural grounds-lack of sufficient notice with respect to the proposed changes: that the proposed changes in the Introduction to the Standards were "major" and "substantive" rather than "minor" or "editorial", and therefore required a separate rule making proceeding; that parties could not comment on the proposed rules without knowing whether or not they would be retroactive so as to affect their operations; and that the proceeding as pursued amounted to a modification of existing license without the required procedures.

DECISION

16. Upon review of our 1954 action and the comments concerning it, we affirm the basic conclusions therein reached. With respect to the adequacy of the record and the analysis to support our conclusions, we believe the showing is sufficient and probative. As we pointed out in the Proposed Report and Order (par. 21) a Commission witness introduced evidence of 6 years of recordings made on 17 transmission paths involving clear channel stations, from which curves have been derived. These curves indicate the existence of skywave transmission and interference during the transitional hours before sunset and after sunrise, and afford a reasonably accurate and suitable tool for determining the extent thereof, on an average basis. We dealt with certain objections to the statistical treatment used (Footnote 12). In paragraph 22 we referred to two specific examples of the extent of interference during these periods, interference suffered by clear channel stations WCKY (Cincinnati) and KOA (Denver) from Class II stations in Philadelphia and in Clayton, Missouri, respectively. These examples illustrate the problem. In Footnote 16 of that document we set forth the method of extrapolation used with respect to distances of over 1,000 miles and frequencies higher than 1500 kc. We affirm our Proposed Report and Order in these respects.

17. As to the degree of protection to be afforded, we are convinced that the concept which we tentatively adopted in our 1954 decision is correct, and that the 0.1 my/m groundwave contours of Class

I stations should be protected against that degree of co-channel daytime skywave interference which would otherwise exist at sunset minus two hours. It is, of course, possible to consider other alternatives, in either direction, ranging from protection of the 0.1 mv/m contour at sunset on the one hand, to no protection at all on the other. It does not appear that any of these other alternatives is to be preferred, keeping in mind the necessity of reaching an appropriate balance between the objectives of sufficient protection and provision for adequate service by a sufficient number of stations during daytime hours. It is apparent that this degree of protection, based as it is on conditions as of sunset minus two hours, involves relatively minor limitations upon Class II stations. These restrictions are the least which we can appropriately impose if the service of clear channel Class I stationswhose function and purpose is to provide widespread service to large areas and populations, in furtherance of our objective of bringing some service to all—is not to be seriously disrupted by the great number of daytime operations for which applications are now on file and may be expected in the future. For reasons stated in our earlier decision and repeated above herein (par. 11) we do not extend this protection to other classes of stations, nor do we adopt any restrictions designed to afford protection against adjacent-channel daytime skywave interference.

18. As to the method by which the appropriate protection standard would be applied in each case and the resulting restriction determined, in our Proposed Report and Order (par. 29) we proposed to adopt permissible-radiation curves, from which the maximum radiation permitted for a Class II station in the direction of a co-channel Class I station, on a given frequency, at a given azimuth from the Class I station, and at a given distance from the Class I station's 0.1 my/m groundwave contour, could be determined. These curves and the accompanying tables were set forth in Appendix II of the Proposed Report and Order. It has been argued that the computational process involved in the use of these curves-which involves obtaining values from two of the three charts, multiplying each of the two values thus obtained by a constant for the particular frequency, and adding the sum of the two resulting products—is too complex. This argument must be rejected, because we know of no simpler means which can be employed with anything like the same degree of accuracy, and the process does not appear unduly burdensome. Therefore we adopt the material which was set forth in the earlier Proposed Report and Order and is set forth again in the present Report and Order.

19. In the 1954 Proposed Report and Order, we proposed to apply these restrictions to the transitional periods of two hours before sunset and two hours after sunrise. In this connection we rejected (Paragraph 28) the concept that

the limiting curves should be made applicable to the entire daytime period, holding that protection against daytime skywave interference during the middle daytime hours is unwarranted. We adhere to this determination. Accordingly, the permissible radiation curves adopted herein are applicable during the transitional periods of two hours before sunset and two hours after local sunrise.

Scope of Application of the Restrictions

20. In our earlier Proposed Report and Order, we proposed to apply the restrictions outlined to applications for new or changed Class II facilities; we left open the question of whether they should be applied likewise to existing Class II stations, issuing at the same time a Notice of Further Proposed Rule Making on that subject. In that Notice we enumerated four classes of existing stationsdaytime-only Class II, limited-time Class II, unlimited-time Class II, and Class I-B stations located to the east of other co-channel I-B stations and beginning nighttime operation at the hour of sunset at the western Class T-B station. We expressed the tentative conclusion that as to existing daytime-only and limited-time stations, it was not desirable to apply the proposed restrictions to them. We did not express any tentative conclusion as to the other two classes of stations involved, and left the whole question open in the further rule making.

21. We adhere to the conclusion previously reached tentatively, and also conclude that the same considerations apply to the other two classes of stations mentioned. The existing stations involved (daytime, limited-time and unlimitedtime Class II stations, and the easternmost of co-channel Class I-B stations) now render significant service, during the hours involved, to which listeners have become accustomed and come to rely upon. While, as mentioned, use of clear channels by Class II stations is essentially a secondary_use, the stations which have been so operating have come to form a significant part of standard broadcast service. A fortiori, the same principle applies to the I-B stations involved. We must also take into account the undoubted value of adequate service of local origin. It is to be noted that the contentions made herein by those parties urging restrictions against daytime skywave interference, have for the most part emphasized the effect of such interference from proposed or future operations, rather than from the smaller number of presently authorized Class II stations. The radiation restrictions adopted herein are intended primarily to guard against the more severe instances of additional skywave interference which could result from additional or changed Class II stations on the clear channels. Therefore the rule we adopt herein applies only to new or changed facilities to be authorized in the future. It should also be noted that the new rule is limited in scope so that the protection afforded by it (apart from the protection afforded by other rules and

policies) extends only to United States Class I stations.²

22. In our 1954 decision we emphasized that any determination reached in this proceeding was subject to whatever decisions might ultimately be reached in the Clear Channel Proceeding (Docket No. 6741). As a general principle, this caveat still applies; this is one reason why we have maintained a "freeze" on certain classes of applications for facilities on clear channels. But that proceeding has been recently under active consideration and study, and it is possible at this point to make certain tentative judgments therein, as a result of which we can limit the classes of applications on which action must continue to be deferred. We noted in our 1954 decision herein (paragraph 34) that the clear channels allocated for Class I-A operations are much more deeply involved in Docket 6741 than are the Class I-B clear channels. In the Further Notice of Proposed Rule Making issued in Docket 6741 on April 15, 1958 (FCC 58-350), we concluded that there should be no change in the pattern of assignments on the I-B channels. We are today adopting another Further Notice in that proceeding, limited to possible assignments on the I-A channels. These developments make appropriate at this time certain changes in the scope of the "freeze", in two directions: (1) removing from the freeze those I-B frequencies which can have no relation, direct or indirect, to possible changes in the I-A structure, and (2) changing the classes of applications covered by the freeze so as to reflect the impingement of such applications on the possible "clear channel" assignments rather than merely their daytime skywave effects. Accordingly, we are adopting simultaneously herewith an Order (FCC 59-971) amending § 1.351 of our rules so as to: (1) make the "freeze" apply pending a decision in Docket 6741; (2) remove from the freeze the frequencies 1500, 1510, 1520, 1530, 1540 and 1560 kc; and (3) extend the freeze, in the case of applications for changes in existing facilities, to any proposal which would increase radiation or change station location.

"Bonus" Hours of Limited-Time Stations

23. There remains one further matter, In our 1954 Proposed Report and Order, we tentatively concluded (par. 32) that both as to existing and as to proposed limited-time Class II stations, these stations which are located east of the dominant Class I station and are therefore

² Daytime skywave interference may also exist between co-channel I-B stations It is conceivable that, under some circumstances, consideration should be given to mutual protection between such stations in order to alleviate such interference. But since we conclude herein that no existing stations should be affected, it will be appropriate to decide the question of daytime skywave protection in such circumstances if and when it arises.

³The frequencies 940 kc and 1550 kc are of course no longer under the "freeze", having been removed by Order of July 28, 1958, amending § 1.351.

under our present rules permitted to operate after their own local sunset time until the hour of sunset at the location of the Class I station, should be required to cease operation during these "bonus hours" and sign off at local sunset. We pointed out that during this "bonus" period the transmission path from the Class II station to the Class I station is largely one on which nighttime propagation conditions prevail, and therefore the resulting interference is substantial and should be eliminated. The present rules also permit existing Class II stations to operate during nighttime hours. if any, not used by the dominant Class I station or stations on the channel. In the main, however, the Class I stations operate throughout the nighttime hours, and thus the latter provision, in itself, is not particularly significant.

24. Upon review of this matter, we are persuaded that as to existing limited-time stations this decision should not be adopted. The considerations mentioned above, concerning the value of existing service by daytime and limited-time stations, applies equally in these situations. Accordingly, we adopt no change in the rules with respect to existing limited-time stations. question remains as to whether any new assignment of stations on this basis should be made. We are of the view that no further assignments of this character are warranted. We pointed out in the Proposed Report and Order the extreme nature of the interference which may result from operation during these hours by the Class II station (paragraphs 22 and 32, referring to the Denver-Clayton (Mo.) situation). This becomes apparent when it is realized that at a moment just before sunset at the location of the Class I station, it may be considerably after sunset at the location of the Class II station, and nighttime conditions prevail at that point and over much of the transmission path to the west. While to a certain extent the effect of this interference would be lessened because new Class II facilities would be operating during these hours with facilities limited in accordance with the rule adopted herein, nonetheless the interference would be severe. Accordingly, it appears that we would not be justified in authorizing new stations on this basis and thus. except as to the stations now licensed, we are removing the provisions of the rules for the licensing of limited-time stations; the provisions for the licensing of the several other classes of stations being adequate in this respect.

25. In view of the foregoing, we are amending §§ 3.23(b) and 3.24(b) of our rules, adding new §§ 3.38 and 3.187, and adding three charts to § 3.190, to effectuate the conclusions discussed These changes are set forth above. Section 3.38 will state in subbelow. stance that there will be no further limited-time authorizations. Section 3.187 will provide in substance that no authorization for new or changed Class II facilities will be granted if, during the four transitional hours, the radiation of the proposed station, in any direction toward the 0.1 my/m contour of a cochannel United States Class I station, will exceed the values obtained by the use of that section. Section 3.187 will contain the table, and § 3.190 will contain (in addition to the material presently therein) the three charts, previously set forth in our 1954 Proposed Report and Order, and set forth below.

26. In our Proposed Report and Order of March 1954 we had proposed amendment of § 3.7 (definition of "nighttime") and revision of the Introduction to the Standards of Good Engineering Practice (since then codified as § 3.181). Neither proposed amendment being necessary to the action taken herein, they are not adopted herein.

ORDER

- 27. In view of the foregoing: It is ordered:
- (1) That effective October 30, 1959, Part 3 of the Commission's rules is amended as set forth below; and
- (2) That this proceeding is terminated.

Adopted: September 18, 1959.

Released: September 22, 1959.

FEDERAL COMMUNICATIONS COMMISSION,

[SEAL] MARY JANE MORRIS,

Secretary.

§ 3.23 [Amendment]

- 1. Section 3.23(b) is amended to read as follows:
- (b) Limited time is applicable to Class II (secondary) stations operating on a clear channel with facilities authorized before October 30, 1959. It permits operation of the secondary station during daytime, and until local sunset is located west of the dominant station on the channel, or if located east thereof, until sunset at the dominant station, and in addition during night hours, if any, not used by the dominant station or stations on the channel,

§ 3.24 [Amendment]

- 2. Section 3.24 is amended by the deletion of paragraph (h) thereof and the addition of the following paragraphs (h) and (i):
- (h) That, in the case of an application for a Class II station, the proposed station would radiate, during two hours following local sunsise and two hours preceding local sunset, in any direction toward the 0.1 mv/m groundwave contour of a co-channel United States Class I station, no more than the maximum radiation values permitted under the provisions of § 3.187.
- (i) That the public interest, convenience and necessity will be served through the operation under the proposed assignment.
- 3. The following new § 3.38 is added: § 3.38 Limited time authorizations.

No authorization for new Class II Limited Time facilities will be granted. No authorization for modification of existing Class II Limited Time facilities will be granted for a change in frequency, an

increase in power, a change in antenna radiation pattern, or a change in station location.

- 4. The following new § 3.187 is added: § 3.187 Limitation on daytime radiation.
- (a) No authorization for new or changed Class II facilities will be granted if the proposed Class II station would radiate, during two hours following local sunrise and two hours preceding local sunset, in any direction toward the 0.1 mv/m groundwave contour of a co-channel United States Class I station, values in excess of those obtained as provided in paragraph (b) of this section.
- (b) To obtain the maximum permissible radiation for a Class II station on a given frequency (f_{kc}) from 640 kc through 990 kc, multiply the radiation value obtained for the given distance and azimuth from the 500 kc chart (Figure 9 of § 3.190) by the appropriate interpolation factor shown in the K500 column of paragraph (c) of this section: and multiply the radiation value obtained for the given distance and azimuth from the 1000 kc chart (Figure 10 of § 3.190) by the appropriate interpolation factor shown in the K1000 column of paragraph (c) of this section. Add the two products thus obtained; the result is the maximum radiation value applicable to the Class II station in the pertinent directions. For frequencies from 1010 ke to 1580 ke, obtain in a similar manner the proper radiation values from the 1000 kc and 1600 kc charts (Figures 10 and 11 of § 3.190), multiply each of these values by the appropriate interpolation factor in the K'1000 and K'1600 columns in paragraph (c) of this section, and add the products.
 - (c) Interpolation factors.
 - (1) Frequencies below 1000 kc.(2) Frequencies above 1000 kc.

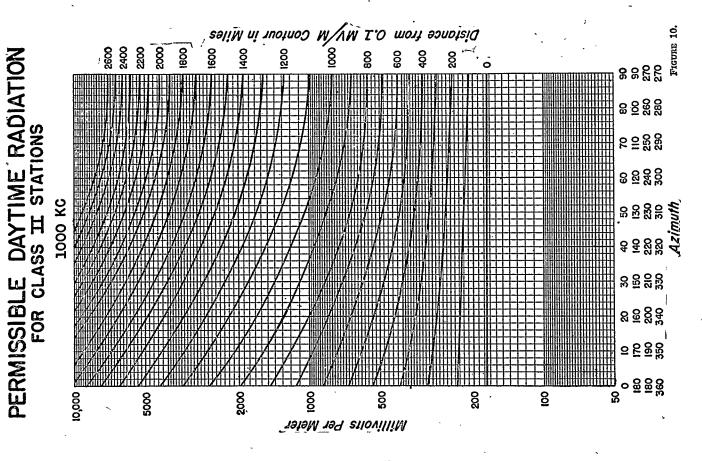
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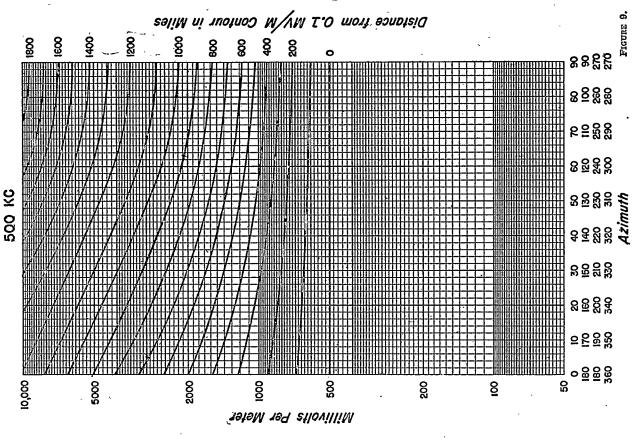
5. Section 3.190 is revised by adding new Figures 9, 10, and 11 and by amending the text to read as follows:

§ 3.190 Engineering charts.

This section consists of the following Figures 1, 2, R3, 5, 6, 6a, 7, 8, 9, 10, and 11.

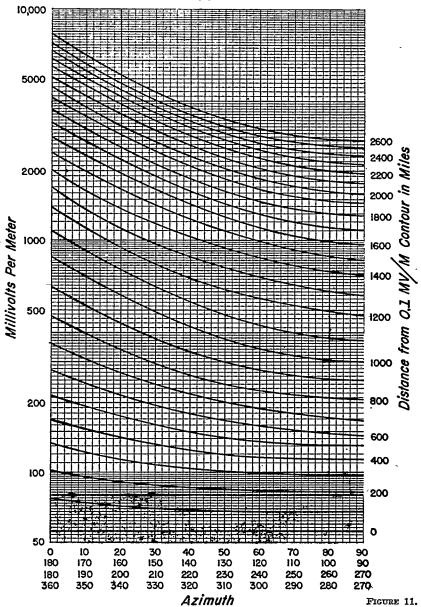
PERMISSIBLE DAYTIME RADIATION FOR CLASS IL STATIONS





PERMISSIBLE DAYTIME RADIATION FOR CLASS II STATIONS

1600 KC



[F.R. Doc. 59-8037; Filed, Sept. 25, 1959; 8:45 a.m.]

Title 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket 7465 c.o.]

PART 13—DIGEST OF CEASE AND DESIST ORDERS

Bailey Co.

Subpart—Invoicing products falsely: § 13.1108 Invoicing products falsely: Fur Products Labeling Act. Subpart—Misbranding or mislabeling: § 13.1212 Formal regulatory and statutory require-

ments: Fur Products Labeling Act. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1845 Composition: Fur Products Labeling Act; § 13.1852 Formal regulatory and statutory requirements: Fur Products Labeling Act; § 13.1865 Manufacture or preparation: Fur Products Labeling Act; § 13.1886 Quality, grade or type of product.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; sec. 8, 65 Stat. 179; 15 U.S.C. 45, 69f) [Cease and desist order, The Bailey Company, Cleveland, Ohio, Docket 7465, August 11, 1959]

This proceeding was heard by a hearing examiner on the complaint of the

Commission charging a furrier in Cleveland, Ohio, with violating the Fur Products Labeling Act by failing to comply with labeling and invoicing requirements, and by failing to disclose in advertisements in newspapers the names of animals producing certain furs or that some fur products contained artificially colored or cheap or waste fur, and failing to use the terms "Persian Lamb," "Dyed Mouton processed Lamb," and "Dyed Broadtail processed Lamb," where required.

Following acceptance of an agreement providing for entry of a consent order, the hearing examiner made his initial decision and order to cease and desist which became on August 11 the decision

of the Commission.

The order to cease and desist is as follows:

It is ordered, That the Bailey Company, a corporation, and its officers, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction into commerce, or the sale, advertising, or offering for sale, in commerce, or the transportation or distribution in commerce of fur products, or in connection with the sale, advertising, offering for sale, transportation, or distribution of fur products which are made in whole or in part of fur which has been shipped and received in commerce, as "commerce" "fur", and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

1. Misbranding fur products by:

A. Failing to affix labels to fur products showing in words and figures plainly legible all of the information required to be disclosed by each of the sub-sections of section 4(2) of the Fur Products Labeling Act.

B. Failing to affix labels to fur products showing the item number or mark

assigned to a fur product.

C. Setting forth on labels affixed to fur products:

(1) Information required under section 4(2) of the Fur Products Labeling Act and the rules and regulations promulgated thereunder, mingled with non-required information;

(2) Information required under section 4(2) of the Fur Products Labeling Act and the rules and regulations promulgated thereunder, in handwriting.

D. Failing to set forth all the information required under section 4(2) of the Fur Products Labeling Act and the rules and regulations promulgated thereunder on one side of labels.

E. Failing to set forth on labels the information required under section 4(2) of the Fur Products Labeling Act and the rules and regulations promulgated thereunder in the required sequence.

F. Affixing to fur products labels that do not comply with the minimum size requirements of one and three-quarter inches by two and three-quarter inches.

2. Falsely or deceptively invoicing fur products by:

A. Failing to furnish to purchasers of fur products an invoice showing all of the information required to be disclosed by each of the sub-sections of sec-

tion 5(b) (1) of the Fur Products Labeling Act.

B. Failing to set forth the term "Dyed Mouton processed Lamb" in the manner

required.

- 3. Falsely or deceptively advertising fur products through the use of any advertisement, representation, public announcement, or notice which is intended to aid, promote or assist, directly or indirectly, in the sale, or offering for sale of fur products, and which:
 - A. Fails to disclose:
- (1) The name or names of the animal or animals producing the fur or furs contained in the fur product, as set forth in the Fur Products Name Guide, and as prescribed under the rules and regulations;

(2) That the fur product contains or is composed of bleached, dyed or otherwise artificially colored fur, when such

is the fact:

- (3) That the fur product is composed in whole or in substantial part of paws. tails, bellies or waste fur, when such is the fact.
- B. Fails to set forth the term "Persian Lamb" in the manner required.
- C. Fails to set forth the term "Dyed Mouton processed Lamb" in the manner required.
- D. Fails to set forth the term "Dyed Broadtail processed Lamb" in the manner required.

By "Decision of the Commission", etc., report of compliance was required as follows:

It is ordered, That the respondent herein shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with the order to cease and desist.

Issued: August 11, 1959.

By the Commission.

[SEAL]

ROBERT M. PARRISH, Secretary.

[F.R. Doc. 59-8044; Filed, Sept. 25, 1959; 8:45 a.m.1

Title 24—HOUSING AND HOUSING CREDIT

Chapter II — Federal Housing Administration, Housing and Home Finance Agency

MISCELLANEOUS AMENDMENTS TO **CHAPTER**

The following miscellaneous amendments have been made to this chapter:

SUBCHAPTER A-GENERAL

PART 200-INTRODUCTION

Subpart H—Enforcement Remedies

follows:

§ 200.191 Notice.

Before any determination is made to refuse any person or firm the benefits of participation, notice of the proposed determination in writing and signed by the Director shall be mailed to the last known address of the interested person or firm by registered mail, return receipt requested.

(Sec. 2, 48 Stat. 1246, as amended; 12 U.S.C. 1703. Interprets or applies sec. 211, 52 Stat. 23, as amended; sec. 607, 55 Stat. 61, as amended; sec. 907, 65 Stat. 301, sec. 807, 63 Stat. 570, as amended; 12 U.S.C. 1715b, 1742, 1748f, 1750f)

SUBCHAPTER B-PROPERTY IMPROVEMENT LOANS

PART 204-TITLE I MORTGAGE IN-SURANCE; RIGHTS AND OBLIGA-TIONS OF MORTGAGEE UNDER INSURANCE CONTRACT

1. In § 204.3 paragraph (c) is amended to read as follows:

§ 204.3 Annual mortgage insurance premiums.

- (c) After payment of the initial mortgage insurance premium and until the mortgage is paid in full, or until an application for debentures is received by the Commissioner, or until the contract of insurance is otherwise terminated, the mortgagee shall continue to pay annual mortgage insurance premiums to the Commissioner. Such annual premium shall be paid on the anniversary date of the beginning of amortization and shall be in an amount equal to 1/2 percent of the average outstanding principal obligation for the 12-month period following the date on which the premium becomes payable.
- 2. Section 204.11 is amended by adding a new paragraph (d) to read as follows:
- § 204.11 Condition of property when transferred; delivery of debentures, certificate of claim and definition of term "waste".
- (d) In computing the value of the mortgage as set forth in paragraph (a) (1) of this section, the Commissioner may include in such computation the amount of payments made by the mortgagee for:
- (1) Taxes imposed upon any deeds or other instruments by which said property was acquired by the mortgagee and transferred or conveyed to the Commissioner;
- (2) Reasonable payments made by the mortgagee, with the approval of the Commissioner, for the purpose of protecting, operating, or preserving the property;
- (3) The costs of acquiring the property by the mortgagee and conveying and evidencing title of the property to the Commissioner, may be included in the debenture computation as foreclosure costs and shall be subject to the Section 200.191 is amended to read as aggregate limitation on foreclosure costs.

(Sec. 2, 48 Stat. 1246, as amended; 12 U.S.C. 1703. Interpret or apply sec. 8, 64 Stat. 48, as amended; 12 U.S.C. 1706c)

SUBCHAPTER C-MUTUAL MORTGAGE INSUR-ANCE AND SERVICEMEN'S MORTGAGE IN-SURANCE

- PART 221-MUTUAL MORTGAGE IN-SÜRANCE; ELIGIBILITY REQUIRE-MENTS OF MORTGAGE COVERING ONE- TO FOUR-FAMILY DWELL-
- 1. In Part 221 pertinent section headings in the Table of Contents are amended to read as follows:

221.16 Mortgage provisions.

- 221.17 Maximum mortgage amounts. 221.18 Mortgagor's minimum investment.
- 2. Section 221.3 is amended to read as follows:

§ 221.3 Charitable or nonprofit institutions.

Any charitable or nonprofit organization, including a pension fund or trust, which presents evidence that it is responsible, has permanent funds of not less than \$100,000, and has experience in investment, may be approved upon application.

3. In § 221.4 paragraph (d) is amended to read as follows:

§ 221.4 Approval of other institutions.

- (d) Special requirements-loan correspondent mortgagees. Requirements for approval as a loan correspondent mortgagee are identical with those for approval of nonsupervised mortgagees, except as follows:
- (1) It may be approved with sound capital funds (net worth) of not less than \$5,000;
- (2) It shall be an authorized loan correspondent of, and its approval requested by, an approved mortgagee under governmental supervision, which is investing in insured mortgages for its own portfolio and whose past and future investment commitments are such as to assure the Commissioner enough business will be originated to enable the correspondent to successfully maintain its servicing accounts:
- (3) It shall originate or purchase insured loans for sale only to its sponsor or sponsors:

(4) It, and its sponsor or sponsors shall agree to notify the Commissioner promptly upon termination of the loan

correspondent agreement;

(5) Termination of the relationship with sponsor or sponsors will be cause for withdrawal of the loan correspondent mortgagee approval.

4. Section 221.6 is amended to read as follows:

§ 221.6 Withdrawal of approval.

- (a) Approval of a mortgagee may be withdrawn at any time by notice from the Commissioner, by reason of:
- (1) The transfer of an insured mortgage to a non-approved mortgagee;

- (2) The failure of a non-supervised mortgagee to segregate all escrow funds received from mortgagors on account of ground rents, taxes, assessments and insurance premiums, and to deposit such funds to a special account or accounts with a banking institution whose accounts are insured by the Federal Deposit Insurance Corporation;
- (3) The use of escrow funds for any purpose other than that for which they were received;
- (4) The failure of a non-supervised mortgagee to conduct its business in accordance with the plan indicated by its application for approval;
- (5) The termination of a mortgagee's supervision by a governmental agency; (6) Such other reason as the Com-
- missioner determines to be justified. (b) Withdrawal of a mortgagee's ap-
- proval shall not affect the insurance on mortgages accepted for insurance.
- 5. Section 221.11 is amended to read as follows:

§ 221.11 Application fee.

(a) Applications filed for a commitment with respect to existing construction shall be accompanied by the mortgagee's check for the sum of \$20 to cover the cost of processing.

(b) Applications filed for a commitment with respect to proposed construction shall be accompanied by the mortgagee's check for the sum of \$45 to cover the cost of processing. Twenty dollars will be retained and the balance of such fee will be returned to the applicant if the mortgage which is the subject of the application is endorsed for insurance.

(c) The entire fee required by paragraphs (a), (b), and (d) of this section will be returned:

(1) If an application is refused as a result of preliminary examination;

- (2) If the application is made on behalf of a veteran for the insurance of a mortgage to refinance an existing insured mortgage which is in default by reason of his military service, if the Commissioner finds that the collection of such fee would be inequitable under the circumstances of the transaction. For the purposes of this chapter the word veteran shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to February 1, 1955;
- (3) In such other instances as the Commissioner may determine.
- (d) Applications for insurance of a mortgage of the character described in § 221.42(b) (4) shall be accompanied by the mortgagee's check for the sum of \$10 to cover the cost of processing.
- (e) Requests for insurance endorsement of a mortgage processed under the Certified Agency Program shall be accompanied by the mortgagee's check for the sum of \$10 to cover the cost of processing. The entire fee of \$10 will be considered as earned by the Commissioner when received.
- 6. Section 221.16 is amended to read as follows:

§ 221.16 Mortgage provisions.

- (a) Mortgage form. The mortgage shall be executed upon a form approved by the Commissioner for use in the jurisdiction in which the property covered by the mortgage is situated and shall be a first lien upon property that conforms with property standards prescribed by the Commissioner. The entire principal amount of the mortgage must have been disbursed to the mortgagor or to his creditors for his account and with his consent.
- (b) Mortgage multiples. The mortgage shall involve a principal obligation in an amount of \$100 or multiples thereof. A mortgage having a principal obligation not in excess of \$15,000 and an amortization period of either 20, 25 or 30 years may be in an amount of \$50 or multiples thereof.

(c) Payments and maturity dates. The mortgage shall:

- (1) Come due on the first of a month: (2) Have a maturity satisfactory to the Commissioner not to be less than 10 nor more than 30 years from the date of the insurance, or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser;
- (3) Have an amortization period of either 10, 15, 20, 25, or 30 years by pro-viding for either 120, 180, 240, 300, or 360 monthly amortization payments.
- 7. Section 221.17 is amended to read as follows:

§ 221.17 Maximum mortgage amounts.

- (a) Occupant mortgagors. A mortgage executed by a mortgagor who is an occupant of the property shall not exceed the lesser of the following:
- (1) Depending upon the design of the structure:
- (i) \$22,500 for a one-family residence; (ii) \$25,000 for a two-family residence;
- (iii) \$27,500 for a three-family residence:
- (iv) \$35,000 for a four-family residence.
- (2) 97 percent of \$13,500 of the appraised value of the property, as of the date the mortgage is accepted for insurance, and 85 percent of such value in excess of \$13,500 but not in excess of \$16,000, and 70 percent of such value in excess of \$16,000, if:
- (i) The dwelling was approved for insurance by the Commissioner prior to the beginning of construction; or

(ii) Construction was completed more than one year preceding the date of the application for insurance; or

- (iii) The dwelling was approved for guaranty, insurance, or direct loan by the Administrator of Veterans Affairs prior to the beginning of construction.
- (3) 90 percent of \$13,500 of the appraised value of the property, as of the date the mortgage is accepted for insurance, and 85 percent of such value in excess of \$13,500 but not in excess of \$16,000, and 70 percent of such value in excess of \$16,000, if the dwelling does not meet the requirements of subparagraph (2) of this paragraph.
- (b) Nonoccupant mortgagors. mortgage executed by a mortgagor who

is not the occupant of the property shall not exceed:

- (1) 85 percent of any amount computed under paragraph (a) of this section; or
- (2) The full amount computed under paragraph (a) of this section if the Commissioner is furnished with certificates indicating that:

(i) The mortgagor acquired the property as a trade-in house, representing part of the consideration involved in the sale of another house by the mortgagor:

(ii) The mortgagor will not rent (except for a rental term of not less than 30 days or more than 60 days), sell (except where the insured mortgage is paid in full as an incident of the sale), or occupy the property prior to the 18th amortization payment of the mortgage except with the prior written approval of the Commissioner;

(iii) Prior to insurance, the mortgagor has deposited an amount not less than 15 percent of the scheduled principal balance after the 18th amortization payment of the mortgage in an escrow, trust, or special account acceptable to the Commissioner;

(iv) The mortgagor agrees that, if the property is not sold prior to the due date of the 18th amortization payment of the mortgage to a purchaser acceptable to the Commissioner who will occupy the property, assume, and agree to pay the mortgage indebtedness, the amount held in escrow, trust, or special account will be applied in reduction of the outstanding principal amount of the mortgage as of the due date of the 18th amortization payment of the mortgage;

(v) The mortgagee agrees that upon the application of the amount held in escrow, trust, or special account in accordance with subdivision (iv), the mortgagee shall within 30 days thereafter notify the Commissioner of the application of such amount to the outstanding principal amount of the mortgage; and

(vi) The mortgagee agrees that any portion of the fund held in escrow, trust, or special account, not applied to the mortgage in accordance with the provisions of this paragraph, shall be deducted from the amount of debentures to which the mortgagee would otherwise be entitled if a claim for debentures is filed.

(c) Outlying area properties. mortgage covering a single-family residence located in an area where the Commissioner finds it is not practicable to obtain conformity with many of the requirements essential to insurance of mortgages in built up urban areas, or to be used as a farm home on a plot of land, five or more acres in size, adjacent to a public highway, shall not exceed:

(1) \$9,000;
(2) 97 percent of the appraised value of the property as of the date the mortgage is accepted for insurance, if:

(i) The dwelling was approved for insurance by the Commissioner prior to the beginning of construction; or

(ii) Construction was completed more than one year preceding the date of the application for insurance; or

(iii) The dwelling was approved for guaranty, insurance, or direct loan by

the Administrator of Veterans Affairs prior to the beginning of construction.

(3) 90 percent of the appraised value of the property as of the date the mortgage is accepted for insurance in the case of all properties not meeting the requirements of subparagraph (2) of this paragraph; and

(4) 85 percent of the appraised value of the property if the mortgagor is not

an occupant thereof.

- (d) Disaster victims. A mortgage, covering a single-family dwelling executed by a mortgagor who will occupy the dwelling and who establishes that the home which he previously occupied as owner or tenant was destroyed or damaged to such an extent that reconstruction or replacement is required as a result of a flood, fire, earthquake, storm or other catastrophe which the President has determined to be a major disaster, and the application for insurance is filed within one year from the date of such determination may be in an amount not in excess of the lesser of the following:
 - (1) \$12,000;
- (2) The appraised value of the property as of the date the mortgage is accepted for insurance.
- 8. Section 221.18 is amended to read as follows:

§ 221.18 Mortgagor's minimum investment.

'(a) At the time the mortgage is insured the mortgagor shall have paid on account of the property at least 3 percent of the Commissioner's estimate of the cost of acquisition or such larger amount as the Commissioner may determine in cash or its equivalent.

- (b) A mortgagor who is 62 years of age or older as of the date the mortgage is accepted for insurance or a mortgagor under a mortgage meeting the requirements of § 221.17(c), may borrow from a corporation or person satisfactory to the Commissioner, the payment required by this section, plus settlement costs which may include initial payments for taxes, hazard insurance, mortgage insurance premium and other prepaid expenses as determined by the Commissioner. As security for the loan themortgagor may give a note or other evidence of indebtedness bearing interest at a rate not in excess of that permitted in the insured mortgage, The aggregate amount of the insured mortgage and the loan referred to in this section shall not exceed an amount equal to the Commissioner's estimate of the appraised value of the property plus an amount equal to the settlement costs.
- 9. Section 221.19 is amended to read as follows:

§ 221.19 Maximum interest rate.

The mortgage may bear interest at such rate as may be agreed upon by the mortgagee and mortgagor, but in no case shall such interest rate be in excess of 5¾ percent. Interest shall be payable in monthly installments of the principal then outstanding.

10. In § 221.23 the introductory text of paragraph (a) is amended to read as follows:

§ 221.23 Application of payments.

(a) All monthly payments to be made by the mortgagor to the mortgagee shall be added together and the aggregate amount thereof shall be paid by the mortgagor each month in a single payment. The mortgagee shall apply the same to the following items in the order set forth:

11. Section 221.24 is amended to read as follows:

§ 221.24 Late charge.

The mortgage may provide for the collection by the mortgagee of a late charge, not to exceed 2 cents for each dollar of each payment more than 15 days in arrears, to cover the extra expense involved in handling delinquent payments. Late charges shall be separately charged to and collected from the mortgagor and shall not be deducted from any aggregate monthly payment.

12. Section 221.28 is amended to read as follows:

§ 221.28 Eligible mortgages in Alaska, Guam, or Hawaii.

If the Commissioner finds that because of high costs in Alaska, Guam, or Hawaii it is not feasible to construct dwellings without the sacrifice of sound standards of construction, design, and livability within the limitations of maximum mortgage amounts provided in this part, the principal obligation of mortgages may be increased in such amounts as may be necessary to compensate for such costs, but not to exceed, in any event, the maximum including high cost area increases, if any, otherwise applicable by more than one-half thereof.

(Sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply séc. 203, 52 Stat. 10, as amended; 12 U.S.C. 1709)

PART 222—MUTUAL MORTGAGE IN-SURANCE; RIGHTS AND OBLIGA-TIONS OF THE MORTGAGEE UN-DER THE INSURANCE CONTRACT

1. In Part 222 pertinent section headings in the Table of Contents are amended to read as follows:

222.3- Adjusted insurance premiums and termination charge.

Sec.

222.4 Forbearance of foreclosure. 222.10 Contract of insurance termination.

222.13 Application for debentures and certificate of claim.

222.15 Sale of insured mortgages.
222.16 Assignments, pledges or participations.

2. In § 222.2 paragraph (d) is amended to read as follows:

$\S~222.2$ Annual mortgage insurance premiums and charges.

(d) In the event the contract of insurance is terminated prior to maturity of bearance are insufficient to pay interest

the mortgage by reason of prepayment or voluntary insurance termination, the mortgagee shall pay to the Commissioner (in addition to any adjusted premium required by this part) the pro rata portion of the current annual mortgage insurance premium and open-end insurance charge which is applicable to the portion of the year preceding such payment. computed from the prior anniversary date of the beginning of amortization to the first day of the month following the month in which such prepayment accrues or, in the event of voluntary termination, the first day of the month fol-lowing the month in which the termination request is received by the Commissioner. In the event such prepayment or voluntary insurance' termination occurs within one year from the beginning of amortization, the pro rata portion of the current annual mortgage insurance premium and open-end insurance charge shall be computed from the amortization date if insurance endorsement occurred within six months after such amortization date or the date of insurance endorsement if such endorsement occurred more than six months after or any time prior to the amortization date.

3. Section 222.3 is amended by changing the section heading, adding headings to paragraphs (a), (b) and (c), and by adding a new paragraph (d) as follows:

§ 222.3 Adjusted insurance premiums and termination charge.

- (a) Prepayment premium. * * *
- (b) Maximum premium. * * *
- (c) Premium not required. * * * (d) Voluntary terminations. Upon request by the mortgagor and mortgagee and submission of the mortgage note for cancellation of the insurance endorsement, the Commissioner may terminate the insurance contract on any mortgage insured under this section. In the event of such voluntary termination, the mortgagee shall pay a termination charge of 1 percent of the original principal amount of the mortgage. In no event shall the termination charge exceed the aggregate amount of premiums which would have been payable if the mortgage had continued to be insured until maturity.
- 4. Part 222 is amended by adding a new § 222.4 to read as follows:

§ 222.4 Forbearance of foreclosure.

With respect to any mortgage covering a one, two, three or four family residence heretofore or hereafter insured under this Act, if the Commissioner finds that a default was due to circumstances beyond the mortgagor's control and determines that the mortgage will be restored to a current condition within a reasonable period of time, the Commissioner may approve forbearance of foreclosure relief as follows:

(a) Uncollected interest allowance. The mortgagee may withhold foreclosure proceedings against the mortgagor for a period of time determined by the Commissioner. If payments received from the mortgagor during the period of forbearance are insufficient to pay interest

at the mortgage rate after applying such payments in the order set forth in the mortgage and the mortgage is subsequently foreclosed, the debentures may include an allowance for uncollected interest accrued during the period of such forbearance.

- (b) Assignment of defaulted mortgages. With the prior written approval of the Commissioner, the mortgagee may assign the mortgage in exchange for debentures. As a requirement of such assignment:
 - (1) The mortgagee shall deliver:
- (i) The original credit and security instruments assigned without recourse or warranty, except that no act or omission of the mortgagee shall have impaired the validity and priority of the mortgage:
- (ii) All rights and interests arising under the mortgage, and all claims of the mortgagee against the mortgagor or others arising out of the mortgage transaction;
- (iii) All title evidence held by the mortgagee, extended to include the assignment of the mortgage to the Commissioner:
- (iv) All cash or property held by the mortgagee or to which it is entitled, including deposits made for the account of the mortgagor and which have not been applied in reduction of the principal mortgage indebtedness;
- (v) All records, documents, books, papers and accounts relating to the mortgage transaction;
- (vi) Any additional information or data which the Commissioner may require.
- (2) The mortgagee shall certify that: (i) The mortgage is prior to all mechanics' and materialmen's liens filed of record subsequent to the recording of such mortgage regardless of whether such liens attach prior to such recording date, and prior to all liens and encumbrances which may have attached or defects which may have arisen subsequent to such mortgage except such liens or other matters as may have been approved by the Commissioner;
- (ii) The amount stated in the instrument of assignment is actually due and owing under the mortgage:
- (iii) There are no offsets or counterclaims thereto and the mortgagee has a good right to assign.
- (c) Condition of property. The property covered by the mortgage which is to be assigned shall meet all of the provisions of § 222.13(d), (Condition of property).
- 5. Section 222.5 is amended to read as follows:

§ 222.5 Form of endorsement.

- (a) Upon compliance with a commitment, the Commissioner will insure the loan evidencing the insurance by an appropriate panel or endorsement placed on the original credit instrument, which will identify the regulations under which the loan is insured and the date of insurance.
- (b) Insurance of an open-end advance will be evidenced by delivery of a certificate stating the amount of the advance, the date of insurance, and the

insured.

6. Section 222.8 is amended to read as follows:

§ 222.8 Distribution of participation shares.

In the event the contract of insurance is terminated by reason of payment in full of the mortgage or by voluntary termination approved by the Commissioner. the Commissioner may distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice. In no event shall such share exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance.

7. Section 222.10 is amended to read as follows:

§ 222.10 Contract of insurance termination.

- (a) Termination conditions. The contract of insurance may be terminated
- (1) The mortgagee acquires the mortgaged property but does not convey it to the Commissioner; or
- (2) The mortgage is paid in full prior to its maturity date; or
- (3) The mortgagor and mortgagee jointly request termination.
- (b) Termination procedure. The contract of insurance shall not be terminated until:
- (1) The mortgagee has given written notice of termination within 30 days from the occurrence of one of the conditions set forth in paragraph (a);
- (2) The mortgagee shall pay the pro rata portion of the current annual mortgage insurance premium, open-end insurance charge, adjusted insurance premium, or termination charge, if any;
- (3) The Commissioner will notify the mortgagee that the contract of insurance has been terminated and the effective termination date. The termination date shall be the last day of the month in which the mortgage was prepaid or the month during which a voluntary termination request is received by the Commissioner.
- (c) Termination effect. Upon such termination, the obligation to pay any subsequent insurance premiums charges shall cease and all rights of the mortgagor and mortgagee shall be terminated.
- 8. In § 222,12(c) subparagraph (2) is amended to read as follows:
- § 222.12 Transfer of property to the Commissioner; conditions of default in mortgage.
- (c) * * * (2) The first failure to make a monthly payment which subsequent payments by the mortgagor are insufficient to cover when applied to the overdue monthly payments in the order in which they became due.
- 9. Section 222.13 is amended to read as follows:

regulations under which the advance is § 222.13 Application for debentures and certificate of claim.

- (a) Conveyance of property. If the default is not cured and the mortgagee has complied with the provisions of § 222.12, the mortgagee shall transfer the property to the Commissioner. Such transfer shall take place:
- (1) Within 30 days after acquiring possession of the mortgaged property by foreclosure or other means in accordance with § 222.12(a);
- (2) Within such further time as may be necessary to complete the title examination and perfect the title;
- (3) Within such further period of time as the Commissioner may prescribe.
- (b) Form of conveyance. The mortgagee shall tender to the Commissioner a satisfactory conveyance of title and transfer of possession, free of occupants if the Commissioner so requires. The conveyance and transfer shall be under a deed which warrants against the acts of the mortgagee and all claiming by, through, or under it, or under a deed or other satisfactory instrument of conveyance from the mortgagor or other appropriate grantor.
- (c) Title of property. The deeds or instruments of conveyance tendered by the mortgagee shall convey good merchantable title to the property evidenced as provided in § 222.14 (Satisfactory title evidence).
- (d) Condition of property. (1) When conveyed, the property shall be undamaged by fire, earthquake, flood, or tornado and undamaged by waste.
- (2) The term waste means permanent or substantial injury caused by unreasonable use, or abuse, and is not intended to include damage caused by ordinary wear and tear.
- (3) The mortgagee's liability for damage caused by waste shall not apply to mortgages on which the unpaid principal obligation at the time of the institution of foreclosure proceedings exceeds 75 percent of the appraised value of the property as of the date the mortgage was accepted for insurance, and in any event the obligation of the mortgagee to repair waste shall be limited to the amount of \$100 of each family dwelling unit covered by the mortgage.
- (e) Assignment of claims in conveyance and transfer. The application for debentures shall be accompanied by an assignment, without recourse or warranty of any or all claims which the mortgagee has acquired in connection with the mortgage transaction, and as a result of the foreclosure proceedings or other means by which the mortgagee acquired or tendered such property, except such claims as may have been released with the approval of the Commissioner.
- (f) Tender of conveyance and delivery of debentures. Upon the tender of conveyance and transfer as provided in paragraphs (a) through (e) of this section, the Commissioner shall accept such tender and shall deliver to the mortgagee debentures of the Mutual Mortgage Insurance Fund.
- (g) Issue date of debentures. The debentures shall be issued as of the date:
- (1) The mortgage foreclosure proceedings were instituted; or

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(2) The property was otherwise acquired by the mortgagee after default; or

(3) The property was acquired by the Commissioner if directly conveyed to the Commissioner from the mortgagor; or

(4) The Commissioner accepts an as-

signment of the mortgage.

- computation con-(h) Debenture veyed properties. The debentures shall have a face value to be determined by adding to the original principal of the mortgage (as increased by the amount of open-end advances made by the mortgagee and approved by the Commissioner) which was unpaid on the date of the institution of foreclosure proceedings, the acquisition of the property otherwise after default, or the property was acquired by the Commissioner if directly conveyed from the mortgagor, the amount of all payments made by the mortgagee for:
- (1) Taxes, ground rent and water rates, which are liens prior to mortgage;
- (2) Special assessments, which are noted on the application for insurance or which become liens after the insurance of the mortgage;

(3) Hazard insurance on the mort-

gaged property;

(4) Mortgage insurance premiums or open-end insurance charges paid after the institution of foreclosure proceedings or the acquisition of the property by direct conveyance or otherwise after default:

(5) Taxes imposed upon any deeds or other instruments by which said property was acquired by the mortgagee and transferred or conveyed to the Com-

missioner;

(6) Foreclosure costs (including costs of acquiring the property by the mortgagee and of conveying and evidencing title to the property to the Commissioner) actually paid by the mortgagee and approved by the Commissioner in an amount not in excess of two-thirds of such cost or \$75, whichever is the

(7) Reasonable payments made by the mortgagee, with the approval of the Commissioner, for the purpose of protecting, operating, or preserving the

property:

(8) Any uncollected mortgage interest allowed pursuant to an approved for-

bearance agreement:

- (9) An amount which the Commissioner finds to be sufficient to compensate the mortgagee for any loss which it may have sustained on account of interest on debentures and the payment of mortgage insurance premiums and openend insurance charges by reason of its having postponed the institution of foreclosure proceedings or the acquisition of the property by other means under a mortgage to which the provisions of sections 302 and 306 of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, apply during any part or all of the period of the mortgagor's military service and three months thereafter.
- (i) Face value of debentures—items deducted. In determining the face value of the debentures there shall be deducted from the total of the added items in paragraph (h) of this section any

amount received on account of the mortgage after the institution of foreclosure proceedings or the acquisition of the property by direct conveyance or otherwise after default and from any source relating to the property on account of rent or other income after deducting reasonable expenses incurred in handling the property.

(j) Debenture computation; assigned mortgages. Upon an acceptable assignment of 'a mortgage, the Commissioner shall issue to the mortgagee debentures having a total face value equal to the unpaid balance of the loan at the time of assignment, plus any accrued mortgage interest and any advances made under the mortgage and approved by the Commissioner.

(k) Interest rate of debentures. Debentures shall bear interest from the date of issue, payable semi-annually on the first day of January and the first day of July of each year at the rate in effect as of the date the commitment was issued, or as of the date the mortgage was endorsed for insurance, whichever rate is the higher. The following interest rates are effective for the dates listed:

Effective rate	On or after—	Prior to-
Percent 234 214 215 255 276 331 314 398 314 316 314 317 318 318 318 4196	Aug. 9, 1954	Sept. 1, 1954. Jan. 1, 1955. July 1, 1955. July 1, 1956. Jan. 1, 1957. July 1, 1957. July 1, 1958. July 1, 1959. July 1, 1950. July 1, 1950.

(1) Maturity of debentures. Debentures shall mature 20 years from the date thereof.

(m) Registration of debentures. Debentures shall be registered as to prin-

cipal and interest.

(n) Redemption of debentures. Debentures shall, at the option of the Commissioner and with the approval of the Secretary of the Treasury, be redeemed at par and accrued interest on any interest payment day on three months' notice of redemption given in such manner as the Commissioner shall prescribe.

(o) Delivery of certificate of claim. Under the tender of conveyance and transfer as provided in paragraphs (a) through (e) of this section, the Commissioner shall promptly accept such tender and shall deliver to the mortgagee a certificate of claim in accordance with section 204(e) of the Act, which shall become payable, if at all, in accordance with section 204(f) of the Act.

(p) Amount and items of certificate of claim. The certificate of claim shall be for an amount which the Commissioner determines to be sufficient to pay all amounts due under the mortgage and not covered by the amount of debentures and shall include a reasonable amount for necessary expenses incurred by the mortgagee in conection with the foreclosure proceedings or the acquisition of the mortgaged property otherwise and the conveyance thereof to the Commissioner, including reasonable attorney's

fees, unpaid interest, and cost of repairs to the property made by the mortgagee after default to remedy the waste mentioned in this section.

(q) Rate of increment of certificate of claim. Each certificate of claim shall provide that there shall accrue to the holder thereof with respect to the face amount of such certificate, an increment at the rate of 3 percent per annum.

In § 222.14 paragraph (b) is amended to read as follows:

§ 222.14 Satisfactory title evidence.

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- (b) Such evidence of title shall be executed as of a date to include the recordation of the deed to the Commissioner, and shall show that according to the public records, there are not, at such date, any outstanding prior liens, including any past-due and unpaid ground rents, general taxes or special assessments.
- 11. Section 222.15 is amended to read as follows:

§ 222.15 Sale of insured mortgages.

When the insured mortgage is sold to another approved mortgagee, both seller and buyer shall notify the Commissioner of the sale within 30 days thereof. The buyer shall thereupon succeed to all the rights and become bound by all the obligations of the seller under the contract of insurance and the seller shall be released from its obligations under the contract of insurance.

12. Section 222.16 is amended to read as follows:

§ 222.16 Assignments, pledges or participations.

- (a) Between approved mortgagees. Any approved mortgagee may assign, pledge or transfer an insured mortgage, a group of such mortgages or a partial interest in such mortgage or mortgages to another approved mortgagee by means of any agreement, arrangement or device (including declarations of trust, participation certificates or trust certificates) if the transfer does not constitute a final sale. Any such transfer shall provide that one of the approved mortgagees shall be the mortgagee of record under the contract of insurance and the Commissioner shall have no obligation to recognize or deal with any party except the approved mortgagee of record with respect to the rights, benefits and obligations of the mortgagee under the contract of insurance. With respect to transfers meeting the requirements of this paragraph, mortgagees are not required to notify the Commissioner of the transfer or to obtain the Commissioner's approval.
- (b) To parties other than approved mortgagees. The mortgagee shall not sell or otherwise dispose of any insured mortgage, group of insured mortgages, or any partial interest in an insured mortgage or group of insured mortgages to anyone other than an approved mortgagee by means of any agreement, arrangement or device (including a declaration of trust, participation certificate or a trust certificate) unless:

(1) It files with the Commissioner a copy of the proposed legal instruments, together with a prospectus and such other material and information as the Commissioner may require; and

(2) The proposed agreements or legal instruments provide that one approved mortgagee will be the mortgagee of record under the contract of insurance and that the Commissioner shall have no obligation to recognize or deal with any other party except the approved mortgagee of record with respect to the rights, benefits and obligations of the mortgagee under the contract of insurance.

(Sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 203, 52 Stat. 10, as amended; 12 U.S.C. 1709)

PART 225—SERVICEMEN'S MORT-GAGE INSURANCE: ELIGIBILITY RE-QUIREMENTS OF MORTGAGE

Section 225.3 is amended to read as

§ 225.3 Maximum mortgage amount; dollar limitation.

The mortgage shall involve a principal obligation in an amount not in excess of \$20,000, except that a mortgage meeting the requirements of § 221.17(c) shall not exceed \$9,000.

(Sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interprets or applies sec. 222, 68 Stat. 603, 12 U.S.C. 1715m)

PART 226—SERVICEMEN'S MORT-GAGE INSURANCE; RIGHTS AND OBLIGATIONS OF THE MORT-GAGEE UNDER THE INSURANCE ~ CONTRACT ,

1. In § 226.1 paragraph (a) is amended to read as follows:

§ 226.1 Incorporation by reference.

(a) All of the provisions of Part 222 of this subchapter covering mortgages insured under section 203 of the National Housing Act apply to mortgages insured under section 222 of the National Housing Act except the following provisions: Sec.

222.1 Definition of terms.

Annual mortgage insurance pre-222.2 miums and charges.

222.3 Adjusted insurance premiums. 222.7 Mutual Mortgage Insurance Fund. 222.8

Distribution of participation shares. Rights to participation shares. 222.9

222.18 Effective date.

- 2. Section 226.3 is amended to read as follows:
- § 226.3 Annual 6.3 Annual mortgage insurance premiums and charges.
- (b) The provisions of § 222,2 of this chapter shall apply to this section, except that all references to the mortgagee shall be construed to refer to the mortgagee or the service branch, as the case may be, and all references to the Mutual Mortgage Insurance Fund shall be construed to refer to the Servicemen's Mortgage Insurance Fund.

- § 226.6 Insurance endorsement. vokedī
- 4. Section 226.7 is revoked as follows:
- § 226.7 Contract of insurance. voked]
 - 5. Section 226.8 is revoked as follows:
- § 226.8 Transfer of property to the Commissioner; conditions of default in mortgage. [Revoked]
 - 6. Section 226.9 is revoked as follows:
- § 226.9 Condition of property when transferred; delivery of debentures and certificate of claim. [Revoked]

(Sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 222, 68 Stat. 603, as amended; 12 U.S.C. 1715m)

SUBCHAPTER D-MULTIFAMILY AND GROUP HOUSING INSURANCE

PART 232-MULTIFAMILY HOUSING INSURANCE; ELIGIBILITY REQUIRE-MENTS OF MORTGAGE COVERING MULTIFAMILY HOUSING

1. In Part 232 pertinent section headings in the Table of Contents are amended to read as follows:

232.7 Maximum interest rate.

232.14 Prepayment privilege; prepayment and late charges.

2. In § 232.2 paragraph (e) is amended to read as follows:

§ 232.2 Issuance of commitment.

(e) The commitment may provide for the payment of an inspection fee in an amount not to exceed \$5.00 per thousand dollars of the commitment.

3. Section 232.4 is amended to read as follows:

§ 232.4 Maximum mortgage amounts.

- (a) Dollar and loan-to-value limitations. A mortgage may involve a principal obligation not in excess of the lesser of the following:
- (1) \$20,000,000 if executed by a Private Mortgagor:
- (2) \$50,000,000 if executed by a Public Mortgagor:
- (3) 90 percent of the estimated value (replacement cost if project is located in Alaska or in Guam) of the project;
- (4) \$2,500 per room (or \$9,000 per family unit if the number of rooms in such project does not equal or exceed four per family unit) for such part of such project as may be attributable to dwelling use:
- (5) The amount of which the Commissioner estimates will be the cost of the completed improvements of the project, exclusive of public utilities, streets, and organization and legal expenses.
- (b) Increased mortgage amount-elevator type structures. In order to compensate for the higher costs incident to cost of elevator type structures of sound standards of construction and design, the Commissioner may increase the dol-

3. Section 226.6 is revoked as follows: lar amount limitation of \$2,500 per room to not to exceed \$3,000 per room and the dollar amount limitation of \$9,000 per family unit to not to exceed \$9,400 per family unit.

(c) Increased mortgage amount—high cost areas, (1) In any geographical area where the Commissioner finds cost levels so require, the Commissioner may increase the dollar amount limitation by an amount not to exceed \$1,250 per room without regard to the number of rooms being less than four, or more than four.

(2) If the Commissioner finds that because of high costs in Alaska, Guam, or Hawaii it is not feasible to construct dwellings without the sacrifice of sound standards of construction, design, and livability within the limitations of maximum mortgage amounts provided in this section, the principal obligation of mortgages may be increased in such amounts as may be necessary to compensate for such costs, but not to exceed in any event the maximum, including high cost area increases, if any, otherwise applicable by more than one-half thereof.

4. Section 232.7 is amended to read as follows: .

§ 232.7 Maximum interest rate.

The mortgage may bear interest at such rate as may be agreed upon by the mortgagee and mortgagor, but in no case shall such interest rate be in excess of 51/4 percent. Interest shall be payable in monthly installments on the principal then outstanding.

5. Section 232.14 is amended to read as follows:

§ 232.14 Prepayment privilege; pre-payment and late charges.

(a) Prepayment privilege. The mortgage shall contain a provision permitting the mortgagor to prepay the mortgage in whole or in part upon any interest payment date after giving to the mortgagee 30 days' notice in writing in advance of its intention to so prepay.

(b) Prepayment charge. gage may contain a provision for such additional charge in the event of prepayment of principal as may be agreed upon between the mortgagor and mortgagee. However, the mortgagor shall be permitted to prepay up to 15 percent of the original principal amount of the mortgage in any one calendar year without any such additional charge. Any reduction in the original principal amount of the mortgage resulting from the certification of cost requirements of this part shall not be construed as a prepayment of the mortgage.

(c) Late charge. The mortgage may provide for the collection by the mortgagee of a late charge, not to exceed 2 cents for each dollar of each payment to interest or principal more than 15 days in arrears, to cover the expense involved in handling delinquent payments. Late charges shall be separately charged to and collected from the mortgagor and shall not be deducted from any aggregate

monthly payment.

6. In § 232.17 paragraph (c) is revoked as follows:

§ 232.17 Classification.

- ***** . (c) Nonprofit organizations as mortgagors. [Revoked]
- 7. In § 232.18 paragraph (d) is revoked as follows:

§ 232.18 In general. *

(d) [Revoked]

8. In § 232.20 paragraphs (a) and (b) are amended and paragraph (c) is revoked as follows:

§ 232.20 Occupancy requirements.

- (a) Family with children. The mortgagor shall certify under oath to the Commissioner that:
- (1) In selecting tenants for the project covered by the mortgage, the mortgagor will not discriminate against any family by reason of the fact that there are children in the family; and
- (2) The mortgagor will not sell the project while the mortgage insurance is in effect unless the purchaser also so certifies.
- (b) Transient or hotel purposes. The mortgagor shall certify under oath that, so long as the mortgage is insured by the Commissioner, the mortgagor will not rent, permit the rental or permit the offering for rental of the housing, or any part thereof, covered by such mortgage for transient or hotel purposes. For the purpose of this certificate, the term rental for transient or hotel purposes shall mean (1) rental for any period less than 30 days, or (2) any rental, if the occupants of the housing accommodations are provided customary hotel services such as room service for food and beverages, maid service, furnishing and laundering of linens, and bellboy service.
- (c) Elderly persons. [Revoked]
- 9. In § 232.31a paragraphs (a) and (b) are amended and paragraphs (f), (g) and (j) are revoked as follows:
- § 232.31a Eligibility of mortgages on trailer courts or parks for trailer coach mobile dwellings.
- (a) All of the provisions of this part shall apply to insurance of mortgages on trailer courts or parks, except as provided in this section. All references in this part to housing for rent or sale shall mean the rental of spaces for the accommodation of trailers or mobile homes, and such appurtenances thereto as may have been approved by the Commissioner.
- (b) A mortgage on a trailer court or park may involve a principal obligation in an amount not to exceed the lesser of the following:
- (1) \$500,000;(2) \$1,500 per space, as defined by the Commissioner;
- (3) 60 percent of the estimated value of the property after the improvements are completed.
 - (f) [Revoked]
 - (g) [Revoked]

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(i) [Revoked]

(Sec. 211, 52 Stat. 23; 12 U.S.C. 1716b. Interpret or apply sec. 207, 52 Stat. 16, as amended; 12 U.S.C. 1713)

PART 233-RENTAL HOUSING IN-SURANCE; RIGHTS AND OBLIGA-TIONS OF MORTGAGEE UNDER INSURANCE CONTRACT

1. In § 233.1 paragraph (g) is amended to read as follows:

§ 233.1 Definitions.

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- (g) The term "mortgagee" means the original lender under a mortgage its successors and such of its assigns as are approved by the Commissioner, and includes the holders of the credit instruments issued under a trust indenture, mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named.
- 2. Section 233.4 is amended to read as follows:

§ 233.4 Form of endorsement.

- (a) Upon compliance with a commitment, the Commissioner will insure the loan, evidencing the insurance by an appropriate panel or endorsement placed on the original credit instrument which will identify the regulations under which the loan is insured and the date of insur-
- (b) The mortgage shall be an insured mortgage from the date of such endorsement: The Commissioner and the mortgagee shall thereafter be bound by_this part with the same force and effect as if a separate contract had been executed including the provisions of this part and of the Act.
- (c) After all advances under the mortgage have been made, the Commissioner shall, upon presentation of the original credit instrument, make a further endorsement of the credit instrument which will state the total sum of all advances approved for insurance by the Commissioner and show the date of such

(Sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 207, 52 Stat. 16, as amended, 12 U.S.C. 1713)

Subchapter D is amended by adding new Parts 235 and 236 as follows:

PART 235-MULTIFAMILY HOUSING FOR THE ELDERLY; ELIGIBILITY RE-QUIREMENTS OF MORTGAGE

Incorporation by reference.

Sec.

235.1

235.2	Definitions.
235.3	Maximum mortgage amounts—ne construction.
235.4	Maximum mortgage amounts—re habilitation projects.
235.5	Increased mortgage amounts—elevator type structures.
235.6	Increased mortgage amounts—hig cost areas.
235.7	Supervision of mortgagors.
235.8	Eligible occupants.
235.9	Commercial and special facilities.
235.100	Effective date.

AUTHORITY: §§ 235.1 to 235.100 issued under sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 231, 52 Stat. 23; as amended.

§ 235.1 Incorporation by reference.

(a) All of the provisions of Part 232 of this chapter concerning eligibility requirements of mortgages covering multifamily housing under section 207 of the National Housing Act apply to mortgages on projects for the elderly insured under section 231 of the National Housing Act except the following provisions:

Maximum mortgage amounts.

	232.17	Classification.
'	232.19	Required supervision of Private
•		Mortgagors.
•	232.20	Occupancy requirements.
٠	232.23	Development of property.
,	232.25	Form of contract.
,	232.30	Eligibility of miscellaneous type
		mortgages.
•	232.31	Eligibility of refinanced mortgages
	· 232.31a	Eligibility of mortgages on traile
		courts or parks for trailer coach
		mobile dwellings.
	232.32	Reinsurance of Commissioner-hele
	-	mortgages.
	` 232.35	Effective date.

Soundness of project.

(b) For the purposes of this part all references in Part 232 of this chapter to section 207 of the Act shall be construed to refer to section 231 of the Act.

§ 235.2 Definitions.

232.4

232.11

As used in this part, the following terms will have the meaning indicated:

- (a) "Commissioner" means the Federal Housing Commissioner or his authorized representatives.
- (b) "Act" means the National Housing Act, as amended.
- (c) "Elderly person" means any person married or single, 62 years of age or more.
- (d) "Housing for the elderly" means eight or more new or rehabilitated living units which are specially designed for the use and occupancy of elderly persons.
- (e) "Mortgagee" means the original lender under a mortgage, and its successors and assigns, and includes the holders of credit instruments issued under a trust indenture, mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named.
- (f) "Mortgagor" means the original borrower under a mortgage and its successors and assigns.
- (g) "Maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with the periodic payments provided for in the mortgage.
- (h) "Replacement cost" means the Commissioner's estimate of the construction cost of the property or project when the proposed improvements are completed. The replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction and other miscellaneous charges incident to construction and approved by the Commissioner.

(i) "Private Mortgagor-Nonprofit" means a nonprofit corporation, association or organization regulated or supervised under Federal or State laws or by political subdivisions or States or agencies thereof or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purpose of this part.

(j) "Public Mortgagor" means a Federal or State instrumentality, a municipal corporate instrumentality of one or more States, or nonprofit development or housing corporation restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

§ 235.3 Maximum mortgage amountsnew construction.

The mortgage shall involve a principal obligation not in excess of the following:

- (a) Dollar amount limitation. (1) \$12,500,000 if executed by a Private Mortgagor;
- (2) \$50,000,000 if executed by a Public Mortgagor.
- (b) Dwelling unit limitation, \$9,000 per dwelling unit for such part of such project as may be attributed to dwelling use.
- (c) Replacement cost limitation. The replacement cost of the property or project.

§ 235.4 Maximum mortgage amounts rehabilitation projects.

In the case of properties other than new construction, the principal obligation of the mortgage shall not exceed the Commissioner's estimate of the value of the project.

§ 235.5 Increased mortgage amountselevator type structures.

In order to compensate for the higher cost incident to elevator type structures of sound standards of construction and design, the Commissioner may increase the dwelling unit limitation of \$9,000 per unit to not to exceed \$9,400 per unit.

§ 235.6 Increased mortgage amountshigh cost areas.

- (a) In any geographical area where the Commissioner finds cost levels so require, he may increase the dwelling unit limitation by an amount not to exceed \$1,250 per room.
- (b) If the Commissioner finds that because of high costs in Alaska, Guam. or Hawaii it is not feasible to construct dwellings without the sacrifice of sound standards of construction, design, and livability within the limitations of maximum mortgage amounts provided in this section, the principal obligation of mortgages may be increased in such amounts as may be necessary to compensate for such costs, but not to exceed in any event the maximum, including high cost area increases, if any, otherwise applicable by more than one-half thereof.

§ 235.7 Supervision of mortgagors.

(a) Labor standards. The provisions of § 232.19(d) of this chapter, (Labor standards and prevailing wage requirements), may be waived in those cases where laborers or mechanics not otherwise employed at any time on the project voluntarily donate their services without full compensation for the purpose of lowering construction costs and the Commissioner determines that amounts thus saved are fully credited to the mortgagor.

(b) Private Mortgagors—Nonprofit. A Private Mortgagor—Nonprofit shall not be subject to the provisions of § 232.19(b), (Rate of return); § 232.19 (e), (Rents and charges); or § 232.19(g), (Mortgagor's equity investment) of this Chapter.

(c) Rents and charges. No charge shall be made by the mortgagor for accommodations, facilities, or services offered by the project except those charges approved by the Commissioner.

§ 235.8 Eligible occupants.

The mortgagor shall establish that preference or priority of opportunity to rent the dwelling units covered by the mortgage will be given to elderly persons.

§ 235.9 Commercial and special facili-

The project may include such commercial and special facilities as the Commissioner deems adequate to serve the occupants of the project.

§ 235.100 Effective date.

Unless otherwise specified, the provisions of this part are effective as to all mortgages on which a commitment to insure is issued on or after September 23, 1959.

PART 236-MULTIFAMILY HOUSING FOR THE ELDERLY; RIGHTS AND OBLIGATIONS OF MORTGAGEE UNDER INSURANCE CONTRACT

Sec. 236.1 Incorporation by reference. 236.100 Effective date.

AUTHORITY: §§ 236.1 to 236.100 issued under sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 231, 52 Stat. 23; as amended.

§ 236.1 Incorporation by reference.

(a) All of the provisions of Part 233 of this chapter covering mortgages insured under section 207 of the National Housing Act apply to mortgages insured under section 231 of the National Housing Act except the following provision:

§ 233.14 Effective date.

(b) For the purposes of this part all references in Part 233 of this chapter to section 207 of the Act shall be construed to refer to section 231 of the Act.

§ 236.100 Effective date.

Unless otherwise specified, the provisions of this part are effective as to all mortgages on which a commitment to insure is issued on or after September 23, 1959.

PART 241—COOPERATIVE HOUSING INSURANCE; ELIGIBILITY REQUIRE-MENTS FOR PROJECT MORTGAGE

1. In Part 241 pertinent section headings in the Table of Contents are amended to read as follows:

Definitions.

Preliminary examination; filing of 241.2 application and issuance of commitment. 241.3 Fees required by Commissioner. Maximum charges and fees. 241.5 Commissioner's estimate of replacement cost and appraised value. Maximum interest rate. 241.10 Prepayment privilege; prepayment 241.18 and late charges. Rents and charges. Exceptions and special provisions. 241 29

2. Section 241.1 is amended to read as follows:

§ 241.1 Definitions.

Effective date.

Sec.

241.1

241.31

241.100

As used in this part, the following terms will have the meaning indicated.

(a) "Commissioner" means the Federal Housing Commissioner or his authorized representatives.

(b) "Act" means the National Housing

Act, as amended.

(c) "Private Mortgagor" means a private corporation or trust, formed or created with the approval of the Commissioner, which is regulated or restricted by the Commissioner as to rents, sales, charges, capital structure, rate of

return, and methods of operation.
(d) "Public Mortgagor" means corporation or trust approved by the Commissioner which is also a Federal or State instrumentality, a municipal corporate instrumentality of one or more States, or a limited dividend or redevelopment or housing corporation formed under and restricted by Federal or State laws or regulations of a State banking or insurance department as to rents. charges, capital structure, rate of return, or methods of operation.

(e) "Purchasing Cooperative" means the mortgagor of a Management Project which has purchased the project from the mortgagor of an Investor Project.

(f) "Management Project" means a project owned by a mortgagor nonprofit cooperative ownership housing corporation or trust which restricts permanent occupancy of the project to the members of the corporation or to the beneficiaries of the trust.

(g) "Sales Project" means a project owned by a mortgagor nonprofit cooperative housing corporation or trust which is organized for the purpose of construction of homes for members of the corporation or for beneficiaries of the trust.

(h) "Investor Project" means a project owned by a mortgagor which intends to sell the project to the mortgagor of a

Management Project.
(i) "Existing Construction" means a project or projects constructed prior to the filing of an application for mortgage insurance under section 213(i) of the Act which is to be owned and operated by a Consumer Cooperative as a Management Project.

- (j) "Consumer Cooperative" means:
- (1) A nonprofit cooperative ownership housing corporation or trust which is the owner of an Existing Construction subject to an outstanding indebtedness and is approved by the Commissioner for refinancing the indebtedness with insured mortgage; or
- (2) A nonprofit cooperative ownership housing corporation or trust organized for the purpose of purchasing an Existing Construction, the members and organizers of which do not have an identity of interest with the seller of the Existing Construction except where the Commissioner has approved such interest as being consistent with the objectives of the cooperative.
- (k) "Approved percentage" means 90 percent in the case of an Investor Project, and 97 percent in the case of a Management, Sales or Existing Construction Project.
- 3. Section 241.2 is amended to read as follows:
- § 241.2 Preliminary examination; filing of application and issuance of commitment.
- (a) Preliminary examination. Prior to the filing of an application, the sponsors of a housing project shall upon request be given a preliminary analysis of the proposed project with respect to specific questions of eligibility other than questions requiring a determination of the value of the property or project or the maximum insurable mortgage amount, and such preliminary analysis shall be given without the payment of a fee.
- (b) Filing of application. Applications for mortgage insurance shall be submitted by an approved mortgagee on an approved application form. No application shall be considered unless the exhibits called for by such form are furnished.
- (c) Issuance of commitment. Upon approval of an application, the Commissioner will issue a commitment setting forth the terms and conditions upon which the mortgage will be insured.
- 4. Section 241.3 is amended to read as follows:

§ 241.3 Fees required by Commissioner.

- (a) Private Mortgagors. In the case of a Private Mortgagor, the following fees shall be paid:
- (1) Application fee. An application fee of \$1.50 per thousand of the face amount of the mortgage loan applied for at the time the application is filed.
- (2) Commitment fee. A commitment fee which, when added to the application fee, will aggregate \$3.00 per thousand of the face amount of the mortgage loan set forth in the commitment within 30 days subsequent to the date of the commitment or within such additional period of time as the Commissioner may prescribe.
- (b) Public Mortgagors. In the case of a Public Mortgagor, the application and commitment fees to be paid under this section shall be fixed by the Commissioner, but shall not exceed \$3.00 per thousand of the face amount of the

mortgage loan set forth in the commitment.

(c) Investor Project. In the case of an Investor Project, the application and commitment fees to be paid under this section shall be based upon the commitment amount applicable to the owner of a management type project.

(d) Increased commitment—additional fees. Upon application for an increase in the amount of an existing commitment, the mortgagee shall pay:

(1) Application fee. An additional application fee of \$1.50 per thousand dollars based upon the amount of the increase requested.

- (2) Commitment fee. An additional commitment fee which, when added to the additional application fee, will aggregate \$3.00 per thousand of the amount of the increase. If the amount of the insured mortgage is increased after insurance and prior to final endorsement either by amendment or by the substitution of a new insured mortgage, the fees herein provided for shall be based upon the amount of such increase.
- (e) Inspection fee. An inspection fee computed at the rate of \$5.00 per thousand of the face amount of the commitment applicable to the mortgagor shall be paid except that the fee for rehabilitation projects shall be based upon the amount of the commitment allocated to the cost of demolition, replacement, repair and additional as estimated by the Commissioner, and the fee, if any, for Existing Construction involving Commissioner required or approved repairs, improvements, alterations and additions shall be based upon the amount of the commitment allocated to the estimated cost. No inspection fee shall be paid for a mortgage covering Existing Construction which does not involve such repairs, improvements, alterations and additions, or for the mortgage of a Purchasing Cooperative.
- (f) Refund of fees. If an application is rejected before it is assigned for processing by the Commissioner or in such other instances as the Commissioner may determine, the entire fee or any portion thereof may be returned to the applicant,
- 5. Section 241.4 is amended to read as follows:

§ 241.4 Maximum charges and fees by mortgagee.

The mortgagee may collect from the mortgagor the amount of any fees required by the Commissioner and may charge the mortgagor an initial service charge in an amount not to exceed 1½ percent of the original principal amount of the mortgage. Any additional charges or fees collected from the mortgagor shall be subject to prior approval of the Commissioner.

6. Section 241.5 is amended to read as follows:

§ 241.5 Commissioner's estimate of replacement cost and appraised value.

As a condition precedent to insurance of a mortgage on a Sales Project or an Existing Construction Project, evidence must be produced showing that, prior to any sale of the dwellings in the project and stock of the mortgagor corporation, a written statement acceptable to the Commissioner setting forth the amount of the Commissioner's estimate of the replacement cost (appraised value in the case of a mortgage on an Existing Construction Project) of the property has been delivered by the seller, builder, sponsor, or such other person as may be required by the Commissioner, to the purchasers of the dwellings, and subscribers for such stock.

7. Section 241.7 is amended to read as follows:

§ 241.7 Maximum mortgage amounts.

- (a) Management Project. The mortgage covering a Management Project shall not exceed the lesser of the following:
- (1) \$20,000,000 if executed by a Private Mortgagor;
- (2) \$25,000,000 if executed by a Public Mortgagor;
- (3) 97 percent of the Commissioner's estimate of the replacement cost of the project:
- (4) \$2,500 per room (or \$9,000 per family unit if the number of rooms in such project averages less than four per family unit) for such part of such project as may be attributable to dwelling use.
- (b) Investor Project. The mortgage covering an Investor Project shall not exceed that prescribed for a Management Project, except that the percentage of replacement cost referred to shall not exceed 90 percent.

(c) Sales Project. The mortgage covering a Sales Project shall not exceed \$12,500,000 and the greater of the following amounts:

(1) A sum computed on the basis of a separate mortgage for each single-family dwelling comprising the project, equal to the total of each of the maximum principal obligations of such mortgage which would meet the requirements of section 203(b) (2) of the Act for occupant mortgagors; or

(2) A sum not to exceed \$2,500 per room (or \$9,000 per family unit if the number of rooms in such project averages less than four per family unit) for such part of such project as may be attributable to dwelling use but not to exceed 97 percent of the amount which the Commissioner estimates will be the replacement cost of the project.

(d) Increased mortgage amount—high cost areas. (1) In any geographical area where the Commissioner finds cost levels so require, the Commissioner may increase the dollar amount limitations by an amount not to exceed \$1,250 per room without regard to the number of rooms being four, less than four, or more than four;

(2) If the Commissioner finds that because of high costs in Alaska, Guam, or Hawaii it is not feasible to construct dwellings without the sacrifice of sound standards of construction, design, and livability within the limitations of-maximum mortgage amounts provided in this section, the principal obligation of mortgages may be increased in such amounts as the Commissioner finds may be neces-

sary to compensate for such costs, but not to exceed, in any event, the maximum, including high cost area increases, if any, otherwise applicable by more than one-half thereof.

- (e) Adjusted mortgage amount—rehabilitation projects. A mortgage having a principal amount computed in compliance with the applicable provisions of this section, and which involves a project to be repaired or rehabilitated, shall be subject to the following additional limitations:
- (1) Property held in fee. If the mortgagor is the fee simple owner of the project, the maximum mortgage amount shall not exceed 100 percent of the Commissioner's estimate of the cost of the proposed repairs or rehabilitation; or
- (2) Property subject to existing mortgage. If the mortgagor owns the project subject to an outstanding indebtedness, which is to be refinanced with part of the insured mortgage, the maximum mortgage amount shall not exceed:
- (i) The Commissioner's estimate of the cost of the repair or rehabilitation; plus
- (ii) Such portion of the outstanding indebtedness as does not exceed the approved percentage of the Commissioner's estimate of the fair market value of such land and improvements prior to the repair or rehabilitation; or
- (3) Property to be acquired. If the project is to be acquired by the mortgagor and the purchase price is to be financed with a part of the insured mortgage, the maximum mortgage amount shall not exceed the approved percentage of:
- (i) The Commissioner's estimate of the cost of the repair or rehabilitation;
 and
- (ii) The actual purchase price of the land and improvements, but not in excess of the Commissioner's estimate of the fair market value of such land and improvements prior to the repair or rehabilitation.
- (f) Reduced mortgage amount—leaseholds. The maximum mortgage amount based upon the limitations of this section is subject to reduction by an amount equal to the capitalized value of the ground rent in the event the mortgage is on a leasehold estate rather than on a fee simple holding.
- (g) Increased mortgage amount—elevator type structures. In order to compensate for the higher costs incident to cost of elevator type structures of sound standards of construction and design, the Commissioner may increase the dollar amount limitation of \$2,500 per room to not to exceed \$3,000 per room, and the limitation of \$9,000 per family unit to not to exceed \$9,400 per family unit.
- (h) Existing Construction. A mortgage covering Existing Construction shall involve a principal obligation not in excess of the approved percentage of the Commissioner's appraised value for continued use as a cooperative, including therein such Commissioner required or approved repairs, improvements, alterations and additions, if any, as do not constitute rehabilitation of the project as determined by the Commissioner;

provided, the insured mortgage shall be subject to the following further limitations:

- (1) If the insured mortgage is to include the cost of refinancing an existing mortgage or mortgages acceptable to the Commissioner, the amount of the insured mortgage shall not exceed an amount equal to the outstanding balance of the existing mortgage or the total of the outstanding balances of the existing mortgages, plus the contract cost of such Commissioner required or approved repairs, improvements, alterations and additions, if any. If the principal obligation of the mortgage exceeds this amount, the mortgage shall be reduced by the amount of such excess prior to final endorsement:
- (2) If the Existing Construction project is to be acquired, the mortgage shall not exceed the purchase price and costs related thereto as approved by the Commissioner plus the contract cost of such Commissioner required or approved repairs, improvements, alterations and additions, if any. If the principal obligation of the mortgage exceeds this amount, the mortgage shall be reduced by the amount of such excess prior to final endorsement.
- (i) Commercial and community facilities. (1) A Management or an Investor Project may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.
- (2) A Sales Project may include such community facilities as the Commissioner deems adequate to serve the occupants.
- (3) The maximum mortgage amount for mortgages issued under this part may be increased by such amount as the Commissioner deems appropriate to provide for the inclusion of commercial or community facilities except that a mortgage on a Sales Project shall not be increased to provide for commercial facilities. The total mortgage amount shall not exceed the ratios of loan to replacement cost or value specified in this section because of the inclusion of commercial or community facilities.
- (j) Mortgagor's minimum investment Sales Projects. At the time a mortgage executed by a mortgagor of a Sales Project is insured, the mortgagor shall have paid on account of the project at least 1 percent of the Commissioner's estimate of the cost of acquisition or such larger amount as the Commissioner may determine in cash or its equivalent and each member or stockholder of the mortgagor shall have paid the amount required by § 243.9(b) of this chapter (Mortgagor's minimum investment). No part of the amount required for working capital specified in § 241.26 may be included in the payment required by this paragraph.
- 8. Section 241.9 is amended to read as follows:

§ 241.9 Payment requirements.

The mortgage shall provide for monthly payments on the first day of each month by the mortgagor to the mortgagee on account of interest and prin-

cipal. Such monthly payments may be on a level annuity or declining annuity basis as agreed upon by the mortgagor, the mortgagee and the Commissioner.

9. Section 241.10 is amended to read as follows:

§ 241.10 Maximum interest rate.

The mortgage may bear interest at such rate as may be agreed upon by the mortgagee and mortgagor, but in no case shall such interest rate be in excess of 5½ percent. Interest shall be payable in monthly installments on the principal then outstanding.

10. In § 241.18 paragraph (b) is amended to read as follows:

§ 241.18 Prepayment privilege; prepayment and late charges.

- (b) Prepayment charge. The mortgage may include a provision for such additional prepayment charge as may be agreed upon between the mortgagor and mortgagee, except that no such charge shall be made for a prepayment which does not exceed 15 percent of the original principal amount of the mortgage in any
- one calendar year or which results from:
 (1) A payment requirement of the Commissioner;

(2) Release of individual properties in accordance with the provisions of a mortgage in a Sales Project;

- (3) Sale of an Investor Project within 2 years after its completion to a Purchasing Cooperative unless the Commissioner shall require the payment of such additional charge.
- 11. Section 241.20 is amended to read as follows:

§ 241.20 Eligibility of mortgagors.

- (a) In order to be eligible under this part, an applicant shall be a Private or Public Mortgagor of:
 - (1) A Management Project;
 - (2) A Sales Project;
 - (3) An Investor Project; or
 - (4) An Existing Construction Project.
 (b) A Public Mortgagor may be an
- (b) A Public Mortgagor may be an eligible mortgagor without regulation or restriction by the Commissioner as to rents, sales, charges, capital structure, rate of return, and methods of operation.
- 12. Section 241.21 is amended to read as follows:

§ 241.21 Liens.

If a Public Mortgagor, or the Alaska Housing Authority, or the Government of Guam or Hawaii, or any agency or instrumentality thereof is the mortgagor, liens inferior to the lien of the insured mortgage may be allowed against properties of such mortgagors. The mortgagor in such case shall have initial funds which may be considered in lieu of the equity required of other mortgagors and such funds, which may be in the form of Government grants, loans, or subsidies, or in other form, if sufficient in amount, will be considered satisfactory provided they do not create a lien against the property prior to that of the insured mortgage.

13. Section 241.23 is amended to read as follows:

(a) Preferred stock or regulatory agreement. The regulation or restriction of Private Mortgagors will be provided for in the certificate of incorporation or other instrument under which the mortgagor is created, hereinafter referred to as the "charter," and will be made effective through a regulatory agreement, or the issuance of preferred stock (or membership) which will enable the Commissioner to exercise majority voting rights in the event of violation of a provision of the charter or (except as to the mortgagor of an Investor Project) at any time during the period between initial and final endorsement for mortgage insurance by the Commissioner whether or not such violation has occurred. Such stock shall be issued in a manner prescribed by the Commissioner in consideration of the payment by the Commissioner of not exceeding in the aggregate \$100.

(b) Rights of the Commissioner. By the exercise of the preferred stock voting rights, the Commissioner may remove the existing directors of the mortgagor corporation and elect new directors to serve in their place. Directors so elected by the Commissioner, in the event of a violation, shall serve only for a period coexistent with the duration of such violation or until the Commissioner is assured in a manner satisfactory to him against future violations of a similar nature. Upon the termination of the contract of insurance or any succeeding contract or agreement covering the mortgage obligation, all regulation and restriction of the mortgagor shall terminate and the shares of special stock or other evidence of beneficial interest shall be surrendered by the Commissioner upon reimbursement of his payment therefor.

14. In § 241.24 paragraph (a) is amended and paragraph (b) is revoked as follows:

§ 241.24 Issuance of stock.

(a) Shares of capital stock, either with or without par value, or certificates of membership, or such evidences of interest in the case of a trust, may be issued if approved by the Commissioner. Such stock or interest, together with paid-in surplus, if any, shall represent the capital investment.

(b) [Revoked]

15. Section 241.25 is amended to read as follows:

§ 241.25 Patronage refunds.

Surplus funds, after meeting reserves and after meeting all obligations of the mortgagor, may be distributed to the members in the form of reduced carrying charges or reduced sales prices of the dwelling accommodations, or patronage refunds.

16. Section 241.26 is amended to read as follows:

§ 241.26 Working capital.

The mortgagor shall deposit with the mortgagee or in a depository satisfactory to the mortgagee and under control of

§ 241.23 Regulation and restriction of the mortgagee, an amount equivalent to mortgagors. the mortgagee, an amount equivalent to principal amount of the mortgage (not less than 1 percent if an eligible mortgagor is purchasing an Investor Project or if the mortgage covers Existing Construction). Disbursements from the deposit shall be made only in a manner prescribed by the Commissioner.

> 17. Section 241.27 is amended by adding a new paragraph (e) as follows:

§ 241.27 Assurances of completion.

(e) The provisions of this section shall apply to the mortgage covering Existing Construction only where Commissioner required or approved repairs, improvements, alterations, and additions are involved and insured advances are to be made. In such cases, assurance of completion of the project shall be deemed to refer to assurance of completion of such repairs, improvements, alterations, and additions.

18. Section 241.28 is amended by adding new paragraphs (g) and (h) as fol-

§ 241.28 Labor standards and prevailing wage requirements.

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(g) The provisions of this section shall apply to the mortgage covering Existing Construction only to the extent that Commissioner required or approved repairs, improvements, alterations, and additions are involved and reference therein relating to contracts, subcontracts, and the construction of the project shall be deemed to refer to the construction of such repairs, improvements, alterations, and additions.

(h) The provisions of this section shall not apply to a mortgage covering Existing Construction which does not involve Commissioner required or approved repairs, improvements, alterations, and additions, except that as to such Existing Construction where the construction of the project or projects was commenced after September 23, 1959, inspection by the Commissioner and compliance with the provisions of section 212 of the Act relating to prevailing wage requirements shall be a prerequisite of mortgage

19. Section 241.29 is amended to read as follows:

§ 241.29 Rents and charges.

The mortgagor shall not permit occupancy except in accordance with the schedule of charges and under an Occupancy Agreement or lease approved by the Commissioner.

20. In § 241.30 paragraph (a) is amended to read as follows:

§ 241.30 Methods of operation.

(a) Except with the prior written approval of the Commissioner, no compensation shall be paid by the corporation to its officers or directors, as such, nor to any person or corporation for supervisory or managerial services. No compensation shall be paid by the corporation to any employee in excess of an

amount agreed upon by the Commissioner and specified in the charter. No officer, director, stockholder, agent, or employee of the corporation shall in any manner become indebted to the corporation, except on account of approved occupancy charges.

21. Section 241.31 is amended to read as follows:

§ 241.31 Exceptions and special provisions.

- (a) A Public Mortgagor shall not be subject to regulation and restriction by the Commissioner with respect to matters set forth in §§ 241.24, 241.25, 241.29, and 241.30.
- (b) If the mortgage is to be insured after completion of the improvements, the mortgagor shall not be subject to the requirement of § 241.27.
- (c) In addition to the provisions of this part, the mortgagor of an Investor Project shall be subject to the provisions of § 232.19(b), (Rate of return), § 232.19 (e), (Rents and charges), and § 232.25, (Form of contract), of this chapter. Such mortgagor shall not be subject to the provisions of §§ 241.25, 241.30(d) and 241.34.
- (d) If the mortgage to be insured covers Existing Construction, §§ 241.33, 241.34, 241.35, 241.36, and 241.38 shall not be applicable.

22. Section 241.32 is amended to read as follows:

§ 241.32 Certificate of mortgagor regarding use of property for transient or hotel purposes.

The mortgagor shall certify under oath that, so long as the mortgage is insured, the mortgagor will not rent, permit the rental, or permit the offering for rental, of the housing, or any part thereof, covered by such mortgage for transient or hotel purposes. For the purpose of this certificate, rental for transient or hotel purposes shall mean (a) rental for any period less than 30 days, or (b) any rental, if the occupants of the housing accommodations are provided customary hotel services such as room service for food and beverages, maid service, furnishing and laundering of linen, and bellboy service.

23. In § 241.35 paragraph (c) is amended to read as follows:

§ 241.35 Certificate of actual cost.

- (c) The certificates of actual cost shall be verified by an independent Certified Public Accountant or independent public accountant in a manner acceptable to the Commissioner.
- 24. Section 241.41 is revoked as follows:

§ 241.41 Commercial and community facilities. [Revoked]

25. Section 241.42 is amended to read as follows:

§ 241.42 Development of property.

At the time the mortgage is insured, the mortgagor shall be obligated to construct and complete new housing accommodations on the mortgaged property designed principally for residential use, conforming to standards satisfactory to the Commissioner, and consisting of not less than eight dwelling units which may be detached, semidetached, or row house, or multifamily structures. In the case of a Sales Project, such units shall be single-family dwellings.

26. Section 241.46 is renumbered and amended to read as follows:

§ 241.100 Effective date.

Unless otherwise specified, the provisions of this part are effective as to all mortgages on which a commitment to insure is issued on or after September 23, 1959.

(Sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 213, 64 Stat. 54, as amended; 12 U.S.C. 1715e)

PART 242—COOPERATIVE HOUSING INSURANCE; RIGHTS AND OBLIGA-TIONS OF MORTGAGEE UNDER INSURANCE CONTRACT; PROJECT **MORTGAGES**

1. In Part 242 the pertinent section heading in the Table of Contents is amended to read as follows:

- 242.7 Premiums for purchasing cooperatives and for Existing Construction not involving Commissioner approved or required improvements.
- 2. Section 242.2 is amended to read as follows:

§ 242.2 Definitions.

The definitions contained in § 241.1 of this subchapter shall apply to this part and in addition the following terms shall have the meaning indicated.

- (a) "Contract of Insurance" means the agreement evidenced by endorsement of the credit instrument by the Commissioner or his duly authorized representative and includes the terms, conditions and provisions of this part and of the National Housing Act.
- (b) "Insured mortgage" means a mortgage which has been insured by the endorsement of the credit instrument by the Commissioner.
- (c) "Mortgage" means such a first lien upon real estate and other property as is commonly given to secure advances on, or the unpaid purchase price of, real estate under the laws of the State, district or territory in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby.
- (d) "Mortgagee" means the original lender under a mortgage, its successors and such of its assigns as are approved by the Commissioner, and includes the holders of the credit instruments issued under a trust indenture, mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named.
- (e) "Mortgagor" means the original borrower under a mortgage and its successors and such of its assigns as are approved by the Commissioner.
- (f) "Project Mortgage" means blanket mortgage insured under section 213 of the National Housing Act, cov-

single-family dwellings.

- 3. Section 242.3 is amended by adding a new paragraph (c) to read as follows:
- § 242.3 Mortgage premiums upon initial endorsement.
- (c) Existing Construction. The provisions of paragraph (a) shall apply to a mortgage covering Existing Construction which involves insurance of advances for Commissioner approved or required repairs, improvements, alterations and additions.
- 4. Section 242.4 is amended by adding a new paragraph (c) to read as follows:
- § 242.4 Premiums where first principal payment more than one year after initial endorsement.
- (c) Existing Construction. The provisions of paragraph (a) shall apply to a mortgage covering Existing Construction which involves insurance of advances for Commissioner approved or required repairs, improvements, alterations and additions.
- 5. Section 242.5 is amended by adding a new paragraph (c) to read as follows:
- § 242.5 Premiums where first principal payment one year or less after initial endorsement.
- (c) Existing Construction. The provisions of paragraph (a) shall apply to a mortgage covering Existing Construction which involves insurance of advances for Commissioner approved or required repairs, improvements, alterations and additions.
- 6. Section 242.6 is amended by adding a new paragraph (c) to read as follows:
- § 242.6 Premiums; insurance upon completion.
- (c) Existing Construction. The provisions of paragraph (a) shall apply to Existing Construction not involving insurance of advances but involving Commissioner approved or required repairs, improvements, alterations and additions.
- 7. Section 242.7 is amended to read as follows:
- § 242.7 Premiums for purchasing cooperatives and for Existing Construction not involving Commissioner approved or required improvements.

Where a mortgage is endorsed for insurance pursuant to the sale of an Investor Project or covers Existing Construction not involving Commissioner approved or required repairs, improvements, alterations and additions, the mortgagee, on the date of the insurance endorsement, shall pay a first premium equal to one-half of one percent of the principal obligation of the mortgage for the period from the date of the insurance endorsement to one year following the date of the first principal payment. On the anniversary of the first principal payment, this first premium shall be adjusted to equal one-half of one percent of the average outstanding principal obligation of the mortgage for the period from the

ering a group of not less than eight date of the insurance endorsement to one year following the date of the first principal payment.

- 8. In § 242.11 the heading of paragraph (a) is amended to read as follows:
- § 242.11 Adjusted premium charge on prepayment of mortgage.
- (a) Management, Investor and Purchasing Cooperative Projects, and Existing Construction. * * *
- 9. In § 242.12 the heading of paragraph (a) is amended to read as follows:
- § 242.12 Amount of adjusted premium charge.
- (a) Management, Investor and Purchasing Cooperative Projects, and Existing Construction. * * *
- 10. In § 242.13 the heading of paragraph (a) is amended to read as follows:
- § 242.13 Where no adjusted premium charge is due.
- (a) Management, Investor and Purchasing Cooperative Projects, and Existing Construction. * *
- 11. Section 242.100 is amended to read as follows:
- § 242.100 Effective date.

Unless otherwise specified, the provisions of this part are effective as to all mortgages on which a commitment to insure is issued on or after September 23, 1959.

(Sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 213, 64 Stat. 54, as amended; 12 U.S.C. 1715e)

PART 243—COOPERATIVE HOUSING INSURANCE; ELIGIBILITY REQUIRE-MENTS FOR INDIVIDUAL MORT-COVERING PROPERTIES GAGES RELEASED FROM LIEN OF PROJECT MORTGAGE

1. In Part 243 pertinent section headings in the Table of Contents are amended to read as follows:

Sec.

Definitions.

243.1 Releases from project mortgage. 243.8

Maximum interest rate. 243.11

243.100 Effective date.

2. Section 243.1 is amended by adding a new paragraph (c) to read as follows:

§ 243.1 Definitions.

- (c) The definitions contained in § 241.1 of this subchapter shall apply to
- 3. Section 243.6 is amended to read as follows:

§ 243.6 Builders warranty.

The seller or builder or such other person as the Commissioner may require shall, as a prerequisite to insurance, deliver to the purchaser a warranty in form satisfactory to the Commissioner war-ranting that the dwelling is constructed in substantial conformity with the plans and specifications (including amendments thereof or changes and variations therein which have been approved in

writing by the Commissioner) on which the Commissioner has based the maximum insurable mortgage amount.

4. Section 243.8 is amended to read as follows:

§ 243.8 Releases from project mortgage.

The property covered by the mortgage must have been included as part of a Sales Project and must have located thereon a single-family dwelling, and the mortgage must have been executed in connection with the release of such property from the lien of the project mortgage and to replace or refinance the project mortgage as to such property.

- 5. In §243.9 paragraph (b) is amended to read as follows:
- § 243.9 Maximum amount of mortgage and mortgagor's minimum investment.
- (b) Mortgagor's minimum investment. At the time the mortgage is insured the mortgagor shall have paid on account of the property at least 1 percent of the Commissioner's estimate of the cost of acquisition or such larger amount as the Commissioner may determine, in cash or its equivalent. The mortgagor's cash investment in the mortgagor corporation under the project mortgage may be credited against the amount required by this section. No part of the amount required for working capital specified in § 241.26 may be included in the payment required by this paragraph.
- 6. Section 243.10 is amended to read as follows:

§ 243.10 Payment and maturity dates.

The mortgage shall come due on the first of the month and must have a maturity satisfactory to the Commissioner, not more than the unexpired term of the project mortgage at the time of the release of the mortgaged property from such project mortgage. The amortization period shall be either 10, 15, 20, 25, 30, 35 or 40 years by providing for 120, 180, 240, 300, 360, 420 or 480 monthly amortization payments.

7. Section 243.11 is amended to read as follows:

§ 243.11 Maximum interest rate.

The mortgage may bear interest at such rate as may be agreed upon between the mortgagee and the mortgagor but in no case shall such interest be in excess of 5% percent per annum computed on unpaid balances.

8. Section 243.16 is amended to read as follows:

§ 243.16 Late charge.

The mortgage may provide for the collection by the mortgagee of a late charge, not to exceed 2 cents for each dollar of each payment more than 15 days in arrears, to cover the extra expense involved in handling delinquent payments. Late charges shall be separately charged to and collected from the mortgagor and shall not be deducted from any aggregate monthly payment.

9. Section 243.27 is revoked as follows:

§ 243.27 Standards for buildings. [Revokedl

10. Section 243.28 is revoked as follows:

§ 243.28 Location of property. ΓRevoked]

11. Section 243.31 is renumbered and amended to read as follows:

§ 243.100 Effective date.

Unless otherwise specified, the provisions of this part are effective as to all mortgages on which a commitment to insure is issued on or after September 23, 195<u>9</u>.

(Sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 213, 64 Stat. 54, as amended; 12 U.S.C. 1715e)

PART 244—COOPERATIVE HOUSING INSURANCE; RIGHTS AND OBLIGA-TIONS OF MORTGAGEE UNDER INSURANCE CONTRACT-INDIVID-UAL MORTGAGES

Part 244 is revised to read as follows:

Sec.

Incorporation by reference. 244.100 Effective date.

AUTHORITY: §§ 244.1 to 244.100 issued under sec. 211, 52 Stat. 23, 12 U.S.C. 1715b. Interpret or apply sec. 213, 64 Stat. 54, as amended; 12 U.S.C. 1715e.

§ 244.1 Incorpation by reference.

(a) Definitions. All of the definitions contained in § 241.1 of this subchapter shall apply to this part.

(b) Other provisions. All of the provisions of Part 222 of this chapter covering mortgages insured under section 203 of the National Housing Act apply to mortgages insured under section 213 of the National Housing Act except the following provisions:

Sec.

222.7 Mutual Mortgage Insurance Fund. Distribution of participation shares. Rights to participation shares. 222.8 222.9

Effective date. 222.18

(c) References. For the purpose of this part all references in Part 222 of this chapter to section 203 of the Act shall be construed to refer to section 213 of the Act\ and all references to the Mutual Mortgage Insurance Fund shall be construed to refer to the Housing Insurance Fund.

§ 244.100 Effective date.

.Unless otherwise specified, the provisions of this part are effective as to all mortgages on which a commitment to insure is issued on or after September 23, 1959.

SUBCHAPTER F-URBAN RENEWAL AND NEIGH-BORHOOD CONSERVATION HOUSING IN-SURANCE

PART 261—URBAN RENEWAL IN-SURANCE; ELIGIBILITY REQUIRE-MENTS OF MORTGAGE COVERING ONE- TO ELEVEN-FAMILY DWELL-**INGS**

1. The heading of Part 261 is amended to read as set forth above.

2. Section 261.1 is amended to read as follows:

§ 261.1 Incorporation by reference.

(a) All of the provisions of Part 221 of this chapter concerning eligibility requirements of mortgages under section 203 of the National Housing Act apply to mortgages covering one- to elevenfamily dwellings under section 220 of the National Housing Act, except the following provisions:

Certification of appraisal amount. 221.14

221.17 Maximum mortgage amounts.

221.18 Mortgagor's minimum investment. 221.27 Economic soundness of project.

221.37 Location of dwelling.

22Í.39 Location of property. 221.41

Rental properties.

221.42 Eligibility of miscellaneous type mortgages.

221.44 Effective date.

- (b) For the purposes of this part all references in Part 221 of this chapter to section 203 of the Act shall be construed to refer to section 220 of the Act.
- 3. Section 261.6 is amended to read as follows:

§ 261.6 Maximum mortgage amounts dollar limitation.

Depending upon the design of the structure, a mortgage shall not exceed the lesser of the following:

(a) \$22,500 for a one-family residence:

(b) \$25,000 for a two-family residence;

(c) \$30,000 for a three-family residence;

(d) \$35,000 for a four-family residence:

(e) \$35,000 plus not to exceed \$7,000 for each additional family unit in excess of four.

4. Section 261.7 is amended to read as follows:

§ 261.7 Maximum mortgage amounts loan-to-value limitation.

- (a) Occupant mortgagors. Where the mortgagor is the occupant of the property, the mortgage shall be in an amount not in excess of:
- (1) 97 percent of \$13,500 of the Commissioner's estimate of the replacement cost of the property as of the date the mortgage is accepted for insurance, and 85 percent of such cost in excess of \$13,-500 but not in excess of \$16,000, and 70 percent of such cost in excess of \$16,000. if the application for insurance is for construction of a proposed dwelling which is approved for insurance prior to the beginning of construction; or
- (2) 97 percent of \$13,500 of the Commissioner's estimate of the appraised value of the property as of the date the mortgage is accepted for insurance, and 85 percent of such value in excess of \$13,500 but not in excess of \$16,000, and 70 percent of such value in excess of \$16,000, if the application for insurance covers an existing dwelling, the construction of which was completed more than one year preceding the date of the application for insurance; or
- (3) 90 percent of \$13,500 of the Commissioner's estimate of the appraised value of the property as of the date the

mortgage is accepted for insurance, and 85 percent of such value in excess of \$13,500 but not in excess of \$16,000 and 70 percent of such value in excess of \$16,000, if the application for insurance covers a dwelling under construction at the time the application is filed or, an existing dwelling, the construction of which was completed within one year prior to the application for insurance; or

(4) 97 percent of \$13,500 of the Commissioner's estimate of the appraised value of the property as of the date the mortgage is accepted for insurance, and 85 percent of such value in excess of \$13,500 but not in excess of \$16,000, and 70 percent of such value in excess of \$16,000, if the proceeds of the mortgage are used to finance the rehabilitation of a dwelling.

(b) Nonoccupant mortgagors. A mortgage executed by a mortgagor who is not the occupant of the property shall not exceed:

(1) 85 percent of any amount computed under paragraph (a); or

- (2) The full amount computed under paragraph (a) if the Commissioner is furnished with certificates indicating that:
- (i) The mortgagor acquired the property as a trade-in house, representing part of the consideration involved in the sale of another house by the mortgagor;
- (ii) The mortgagor will not rent (except for a rental term of not less than 30 days or more than 60 days), sell (except where the insured mortgage is paid in full as an incident of the sale) or occupy the property prior to the 18th amortization payment of the mortgage except with the prior written approval of the Commissioner:

(iii) The mortgagor has deposited an amount not less than 15 percent of the scheduled principal balance after the 18th amortization payment of the mortgage in an escrow, trust, or special account acceptable to the Commissioner;

(iv) The mortgagor agrees that, if the property is not sold prior to the due date of the 18th amortization payment of the mortgage to a purchaser acceptable to the Commissioner who will occupy the property, assume, and agree to pay the mortgage indebtedness, the amount held in escrow, trust, or special account will be applied in reduction of the outstanding principal amount of the mortgage as of the due date of the 18th amortization payment of the mortgage;

(v) The mortgagee agrees that, upon the application of the amount held in escrow, trust, or special account in accordance with subdivision (iv), the mortgagee shall within 30 days thereafter notify the Commissioner of the application of such amount to the outstanding principal amount of the mortgage; and

(vi) The mortgagee agrees that any portion of the fund held in escrow, trust, or special account, not applied to the mortgage in accordance with the provisions of this paragraph, shall be deducted from the amount of debentures to which the mortgagee would otherwise be entitled if a claim for debentures is filed.

§ 261.7a Payments and maturity dates. [Revoked]

Section 261.8 is revoked as follows:

§ 261.8 Mortgage obligation in multiples. [Revoked]

(Sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 220, 68 Stat. 596, as amended; 12 U.S.C. 1715k)

PART 262-URBAN RENEWAL IN-SURANCE; RIGHTS AND OBLIGA-TIONS OF MORTGAGEE UNDER INSURANCE CONTRACT COVERING ONE- TO ELEVEN-FAMILY DWELL-

Part 262 is revised to read as follows:

Sec. Incorporation by reference. 262.1 262.2 Forbearance of foreclosure. 262.3 Voluntary termination. 262.100 Effective date.

AUTHORITY: §§ 262.1 to 262.100 issued under sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 220, 68 Stat. 596, as amended: 12 U.S.C. 1715k.

§262.1 Incorporation by reference.

(a) All of the provisions of Part 222 of this chapter covering mortgages insured under section 203 of the National Housing Act apply to mortgages covering oneto eleven-family dwellings insured under section 220 of the National Housing Act except the following provisions:

Sec. 222.4 Forbearance of foreclosure. 222.7 Mutual Mortgage Insurance Fund. 222.8 Distribution of participation shares. Rights to participation shares. 2229 Contract of insurance termination. 222.10 Effective date. 222.18

(b) For the purposes of this part all references in Part 222 of this chapter to section 203 of the Act shall be construed to refer to section 220 of the Act and all references to the Mutual Mortgage Insurance Fund shall be construed to refer to the Section 220 Housing Insurance Fund.

§ 262.2 Forbearance of foreclosure.

All of the provisions of § 222.4 of this chapter shall apply to mortgages insured under this part except that the privileges of forbearance of foreclosure shall only extend to mortgages covering a property having not more than four dwelling units.

§ 262.3 Voluntary termination.

All of the provisions of § 222.10 of this chapter shall apply to mortgages insured under this part except that the privileges of voluntary termination shall only extend to mortgages covering a property having not more than four dwelling

§ 262.100 Effective date.

Unless otherwise specified, the provisions of this part are effective as to all mortgages on which a commitment to insure is issued on or after September 23, 1959.

5. Section 261.7a is revoked as follows: PART 263—URBAN RENEWAL IN-SURANCE; ELIGIBILITY REQUIRE-MENTS OF MULTIFAMILY PROJECT MORTGAGE

- 1. The heading of Part 263 is amended to read as set forth above.
- 2. Section 263.5 is amended to read as follows:

§ 263.5 Development of property.

(a) Obligation of mortgagor to construct project. At the time the mort-gage is insured, the mortgagor shall be obligated to construct and complete new housing accommodations on the mortgaged property or to rehabilitate existing housing accommodations thereon. The Commissioner may insure a mortgage on a completed project constructed pursuant to a commitment to insure upon completion.

(b) Minimum number of units. The project shall consist of not less than five rental dwelling units on one site and may be detached, semidetached, or row houses, or a multifamily structure.

(c) Compliance with governmental regulations. The property, including improvements, shall comply with any material zoning or deed restrictions applicable to the project site and with all applicable building and other governmental regulations.

(d) Property facilities. The project shall be designed principally for residential use except that any project may include such nondwelling facilities as the Commissioner deems adequate to serve the needs of the occupants of the property and of other housing in the neighborhood as defined by the Commissioner.

3. In § 263.6 paragraphs (a), (b) and (c) are amended to read as follows:

§ 263.6 Maximum mortgage amounts.

- (a) Mortgage amount-dollar limitation. A mortgage may involve a principal obligation not in excess of the lesser of the following:
- (1) \$20,000,000 if executed by a Private Mortgagor;
- (2) \$50,000,000 if executed by a Public Mortgagor;
- (3) \$2,500 per room (or \$9,000 per family unit if the number of rooms in such project does not equal or exceed four per family unit) for such part of such project as may be attributable to dwelling use excluding exterior land improvements as defined by the Commissioner.
- (b) Increased mortgage amount-elevator type structures. In order to compensate for the higher costs incident to cost of elevator type structures of sound standards of construction and design, the Commissioner may increase the dollar amount limitation of \$2,500 per room to not to exceed \$3,000 per room and the dollar amount limitation of \$9,000 per family unit to not to exceed \$9,400 per. family unit.
- (c) Increased mortgage amount—high cost areas. (1) In any geographical area where the Commissioner finds cost levels so require, the Commissioner may increase the dollar amount limitation by

an amount not to exceed \$1,250 per room without regard to the number of rooms being less than four, or more than four.

(2) If the Commissioner finds that because of high costs in Alaska, Guam, or Hawaii it is not feasible to construct dwellings without the sacrifice of sound standards of construction, design, and livability within the limitations of maximum mortgage amounts provided in this section, the principal obligation of mortgages may be increased in such amounts as may be necessary to compensate for such costs, but not to exceed in any event the maximum, including high cost area increases, if any, otherwise applicable by more than one-half thereof.

4. Section 263.8a is amended to read as follows:

§ 263.8a Interest rate.

The mortgage shall bear interest, not exceeding 51/4 percent per annum, on the amount of the principal obligation outstanding at any time, as may be agreed upon between the mortgagor and the mortgagee. All charges made in connection with the mortgage transaction shall be subject to the approval of the Commissioner.

5. Section 263.9 is revoked as follows:

§ 263.9 Alaska, Guam, and Hawaii requirements. [Revoked]

(Sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 220, 68 Stat. 596, as amended, 12 U.S.C. 1715k)

PART 266-HOME RELOCATION IN-SURANCE; ELIGIBILITY REQUIRE-MENTS OF MORTGAGE COVERING ONE- TO FOUR-FAMILY DWELL-INGS

Part 266 is revised to read as follows:

Sec.	,
266.1	Incorporation by reference.
266.2	Request for insurance.
266.3	Certificate by Administrator to
	Commissioner.
266.4	Maximum mortgage amount-dol-
	lar limitation.
266.5	Increased mortgage amount-high
	cost areas.
266.6	Maximum mortgage amount—loan-
	to-value limitation.
266.7	Due date of mortgage.
266.8	Maximum maturity of mortgage.
266.9	Amortization period of mortgage.
266.10	Mortgage obligation in multiples.
266.11	Deferred sale of properties.
266.12	Mortgagor's minimum investment.
266.13	Eligible occupants.
266.100	Effective date.

AUTHORITY: §§ 266.1 to 266.100 issued under sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 221, 68 Stat. 599, as amended; 12 U.S.C. 17151.

§ 266.1 Incorporation by reference.

(a) All of the provisions of Part 221 of this chapter concerning eligibility requirements of mortgages covering oneto four-family dwellings under section 203 of the National Housing Act apply to mortgages on dwellings insured under section 221 of the National Housing Act except the following provisions:

Sec. 221.17 Maximum mortgage amounts. 221.18 Mortgagor's minimum investment. 221.27 Economic soundness of project.

Location of property. 221.39 221.41

Rental properties.

Eligibility of miscellaneous type mortgages. 221.42

221.44 Effective date.

(b) For the purposes of this part all references in Part 221 of this chapter to section 203 of the Act shall be construed to refer to section 221 of the Act.

§ 266.2 Request for insurance.

Mortgage insurance under the provisions of this part is to be made available only in those localities, communities, or environs of such communities which shall have requested such insurance to be provided.

§ 266.3 Certificate by Administrator to Commissioner.

The total number of dwelling units in properties covered by insured mortgages, in a given locality or community, cannot exceed a figure which the Housing and Home Finance Administrator from time to time determines and certifies to the Commissioner to be the number of units needed for the relocation of displaced families eligible to obtain the benefits of insurance.

§ 266.4 Maximum mortgage amountdollar limitation.

A mortgage executed by a mortgagor who is an occupant of the property shall not exceed:

- (a) \$9,000 for a one-family residence; (b) \$18,000 for a two-family resi-
- dence: (c) \$25,000 for a three-family residence;
- (d) \$32,000 for a four-family residence:

§ 266.5 Increased mortgage amount high cost areas.

In any geographical area where the Commissioner finds cost levels so require. the Commissioner may increase the dollar amount limitations set forth in § 266.4 to amounts not to exceed:

(a) \$12,000 for a one-family residence:

- (b) \$20,000 for a two-family residence:
- (c) \$27,500 for a three-family residence:
- (d) \$35,000 for a four-family residence.

§ 266.6 Maximum mortgage amount loan-to-value limitation.

In addition to meeting the dollar limitation as set forth in this part, the mortgage shall be in an amount not to . exceed:

(a) Occupant mortgagors. The Commissioner's estimate of the appraised value of the property, as of the date the mortgage is accepted for insurance if the mortgagor is an occupant of the property; or

(b) Nonoccupant mortgagors. If the property is to be built or acquired or rehabilitated for sale and the insured mortgage financing is required to facilitate the construction or the repair or

rehabilitation of the dwelling and provide financing pending the subsequent sale thereof to a qualified owner-occupant, 85 percent of the appraised value, as of the date the mortgage is accepted for insurance, if the mortgagor is not the occupant.

§ 266.7 Due date of mortgage.

The mortgage shall come due on the first day of the month.

§ 266.8 Maximum maturity of mortgage.

The mortgage shall have a maturity satisfactory to the Commissioner not to be less than 10 nor more than 40 years from the date of the insurance, or threequarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser.

§ 266.9 Amortization period of mortgage.

The amortization period of the mortgage shall be either 10, 15, 20, 25, 30, 35, or 40 years by providing for either 120, 180, 240, 300, 360, 420, or 480 monthly amortization payments

§ 266.10 Mortgage obligation in multiples.

The mortgage shall involve a principal obligation in an amount of \$50 or multiples thereof.

§ 266.11 Deferred sale of properties.

A mortgagor under a mortgage covering a one-family dwelling may, subject to such terms and conditions as the Commissioner may prescribe, be permitted to sell the property on a deferred payment basis, such as an installment contract or lease with an option to purchase.

§ 266.12 Mortgagor's minimum investment.

- (a) Cash payment. At the time the mortgage is insured, the mortgagor shall have paid on account of the property, in cash or its equivalent, not less than:
 - (1) \$200 for a one-family dwelling: (2) \$400 for a two-family dwelling;
 - (3) \$600 for a three-family dwelling:
 - (4) \$800 for a four-family dwelling.
- (b) Inclusion of closing costs and expenses in cash payment. The mort-gagor's required minimum investment may include amounts to include settlement costs, initial payments for taxes, hazard insurance premiums, mortgage insurance premiums, and other prepaid expenses as approved by the Commissioner.

§ 266.13 Eligible occupants.

It shall be established, in a manner satisfactory to the Commissioner, that preference or priority of opportunity to purchase or rent dwelling units covered under the provisions of this part will be given to families as described in section 221 of the National Housing Act.

§ 266.100 Effective date.

Unless otherwise specified, the provisions of this part are effective as to all mortgages on which a commitment to insure is issued on or after September 23. 1959.

PART 267-HOME RELOCATION IN-SURANCE; RIGHTS AND OBLIGA-TIONS OF MORTGAGEE UNDER INSURANCE CONTRACT COVERING ONE- TO FOUR-FAMILY DWELL-INGS

- 1. The heading of Part 267 is amended to read as set forth above.
- 2. The pertinent section heading in the Table of Contents is amended to read as follows:

Sec.

267.100 Effective date.

3. Section 267.1 is amended to read as follows:

§ 267.1 Incorporation by reference.

(a) All of the provisions of Part 222 of this chapter covering mortgages insured under section 203 of the National Housing Act apply to mortgages on oneto four-family dwellings insured under section 221 of the National Housing Act except the following provisions:

Sec. Mutual Mortgage Insurance Fund. 222.7 222.8 Distribution of participation shares. 222.9 Rights to participation shares.

222.18 Effective date. (b) For the purposes of this part all references in Part 222 of this chapter to section 203 of the Act shall be construed to refer to section 221 of the Act and all

references to the Mutual Mortgage Insurance Fund shall be construed to refer to the Section 221 Housing Insurance Fund.

4. Sections 267.1a, 267.1b and 267.1c are revoked as follows:

§ 267.1a Annual mortgage insurance premiums and charges. [Revoked]

§ 267.1b Transfer of property to the Commissioner; conditions of default in mortgage. [Revoked]

§ 267.1c Condition of property when transferred; delivery of debentures and certificate of claim. [Revoked]

5. Section 267.7 is revoked as follows:

§ 267.7 No vested right in fund. [Revoked]

6. Section 267.8 is renumbered and amended to read as follows:

§ 267.100 Effective date.

Unless otherwise specified, the provisions of this part are effective as to all mortgages on which a commitment to insure is issued on or after September 23, 1959.

(Sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 221, 68 Stat. 599, as amended; 12 U.S.C. 17151).

268—MULTIFAMILY PART RELO-CATION INSURANCE; ELIGIBILITY REQUIREMENTS OF MORTGAGE

Part 268 is revised to read as follows:

Sec.

268.1 Incorporation by reference. 268.2 Request for insurance.

Certificate by Administrator to Commissioner. 268.3 268.4 Eligible mortgagors. Maximum mortgage amounts-new 268.5

construction. 268.6 Replacement cost limitation. 268.7 Maximum mortgage amounts-re-

habilitation projects. 268.8 Increased mortgage amounts-high cost areas.

268.9 Maximum mortgage amount leaseholds.

268.10 Adjusted mortgage amount-rehabilitation projects.

268.11 Supervision of mortgagors. 268.12 Labor standards.

Occupancy requirements. Maximum-interest rate. 268.13 268.14

268.15 Mortgage maturity. 268.16 Prepayment privilege.

268.17 Late charge. Development of property. 268.18

Commercial and community facili-268.19 ties.

268.100 Effective date.

Sec.

232.4

232.5

232.23

AUTHORITY: §§ 268.1 to 268.100 issued under sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interprets or applies sec. 221, 68 Stat. 599, as amended; 12 Û.S.C. 1715l.

§ 268.1 Incorporation by reference.

(a) All of the provisions of Part 232 of this chapter concerning eligibility requirements of mortgages covering multifamily housing under section 207 of the National Housing Act apply to multifamily project mortgages insured under section 221 of the National Housing Act except the following provisions:

Maximum mortgage amounts.

Maturity.

Maximum interest rate. 232.7 232.11 Soundness of project. 232.14 Prepayment privilege, prepayment and late charges. 232.17 Classification. 232.18 In general. Required supervision of private 232.19 mortgagors. Occupancy requirements. 232.20 Development of property.

Rehabilitation projects. 232.28 Eligibility of miscellaneous type mortgages.

Eligibility of refinanced mortgages. Eligibility of mortgages on trailer 232.31 232.31a courts or parks for trailer coach mobile dwellings.

232.32 Reinsurance of Commissioner-held mortgages.

232.35 Effective date.

(b) For the purposes of this part all references in Part 232 of this chapter to section 207 of the Act shall be construed to refer to section 221 of the Act.

§ 268.2 Request for insurance.

Mortgage insurance under the provisions of this part is to be made available only in those localities, communities, or environs of such communities which shall have requested such insurance to be provided.

§ 268.3 Certificate by Administrator to Commissioner.

The total number of dwelling units in properties covered by insured mortgages, in a given locality or community, cannot exceed a figure which the Housing and Home Finance Administrator from time to time determines and certifies to the Commissioner to be the number of units needed for the relocation of displaced families eligible to obtain the benefits of insurance.

§ 268.4 Eligible mortgagors.

The mortgage shall be executed by a mortgagor meeting the following qualifications:

(a) Nonprofit Mortgagors. The mortgagor shall be a nonprofit corporation or association or other acceptable nonprofit organization, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, or the Federal Housing Commissioner, as to rents, charges, and methods of operation. The regulation or supervision of the mortgagor must be in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this part.

(b) Profit Mortgagors. The mortgagor shall be a corporation, association, or trust entity, formed or created with the approval of the Commissioner for the purpose of providing housing for rent or sale, and possessing powers necessary therefor and incidental thereto, which is regulated or restricted by the Commissioner, as to rents, sales, charges, capital structure, rate of return, and methods of operation, as set out in the contractual documents prescribed and approved by the Commissioner, which regulations or restrictions shall remain in effect until such time as the mortgage insurance contract terminates without obligation upon the Commissioner to issue debentures as a result of such termination.

§ 268.5 Maximum mortgage amountsnew construction.

The mortgage shall involve a principal obligation not in excess of the following: (a) Dollar amount limitation. \$12,-

500.000;

(b) Dwelling unit limitation. \$9,000 per dwelling unit for such part of such project as may be attributable to dwelling

§ 268.6 Replacement cost limitation.

The mortgage shall involve a principal obligation not in excess of the following:

(a) Nonprofit Mortgagors. The Commissioner's estimate of the replacement cost of the property or project when the proposed improvements are completed if executed by a Nonprofit Mortgagor. The replacement costs may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction and other miscellaneous charges incident to construction and approved by the Commissioner;

(b) Profit Mortgagors. 90 per centum of the Commissioner's estimate of the replacement cost of the property or project when the proposed improvements are completed if executed by a Profit Mortgagor. The replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction and other miscellaneous charges incident to construction and approved by the Commissioner and shall include an allowance for builders and sponsors profit and risk of 10 percent of the foregoing items exclusive of land unless the Commissioner, after certifying such allowance is unreasonable, prescribes a lesser percentage.

§ 268.7 Maximum mortgage amounts rehabilitation projects.

In the case of properties other than new construction, the principal obligation of the mortgage shall not exceed:

(a) Nonprofit Mortgagors. The Commissioner's estimate of the appraised value of the project rather than the estimate of the replacement cost if executed by a Nonprofit Mortgagor:

by a Nonprofit Mortgagor;
(b) Profit Mortgagors. 90 percent of the Commissioner's estimate of the value of the property or project if executed by a Profit Mortgagor.

§ 268.8 Increased mortgage amountshigh cost areas.

(a) In any geographical area where the Commissioner finds cost levels so require, he may increase the dwelling unit limitation to an amount not to exceed \$12,000 per family unit.

(b) If the Commissioner finds that, because of high costs in Alaska, Guam, or Hawaii, it is not feasible to construct dwellings without the sacrifice of sound standards of construction, design, and livability within the limitations of maximum mortgage amounts provided in this section, the principal obligation of mortgages may be increased in such amounts as may be necessary to compensate for such costs, but not to exceed, in any event, the maximum including high cost area increases, if any, otherwise applicable by more than one-half thereof.

§ 268.9 Maximum mortgage amount leaseholds.

The maximum mortgage amount is subject to reduction by an amount equal to the capitalized value of the ground rent in the event the mortgage is on a leasehold estate rather than on a fee simple holding.

§ 268.10 Adjusted mortgage amount—rehabilitation projects.

A mortgage having a principal amount computed in compliance with this section, and which involves a project to be repaired or rehabilitated, shall be subject to the following additional limitations:

- (a) Property held in fee. If the mortgagor is the owner of an unencumbered fee simple estate, the maximum mortgage amount shall not exceed 100 percent of the Commissioner's estimate of the cost of the proposed repairs or rehabilitation;
- (b) Property subject to existing mortgage. If the mortgagor is the fee simple owner of the project, subject to an outstanding indebtedness, which is to be refinanced with part of the insured mortgage, the maximum mortgage amount shall not exceed:
- (1) The Commissioner's estimate of the cost of the proposed repairs or rehabilitation:
- (2) Such portion of the outstanding indebtedness which does not exceed the Commissioner's estimate of the fair market value of such land and improvements

prior to completion of the proposed repair or rehabilitation;

- (c) Property to be acquired. If the project is to be acquired by the mortgagor and the purchase price is to be financed with a part of the insured mortgage, the maximum mortgage amount shall not exceed:
- (1) The Commissioner's estimate of the cost of the proposed repairs or rehabilitation:
- (2) The actual purchase price of the land and improvements but not in excess of the Commissioner's estimate of the fair market value of such land and improvements prior to completion of the proposed repairs and rehabilitation.

§ 268.11 Supervision of mortgagors.

(a) All of the provisions of § 232.19 shall apply to mortgagors under this part except that a Nonprofit Mortgagor shall not be subject to the provisions of § 232.19(b) (Rate of return); § 232.19 (d) (Labor standards and prevailing wage requirements); § 232.19(e) (Rents and charges); or § 232.19(g), (Mortgagor's equity investment) of this chapter.

(b) No charge shall be made by the mortgagor for accommodations, facilities, or services offered by the project except those approved by the Commissioner.

§ 268.12 Labor standards.

(a) Profit Mortgagor. All of the provisions of § 232.19 of this chapter apply to mortgages executed by a Profit Mortgagor.

§ 268.13 Occupancy requirements.

(a) Family with children. The mortgagor shall certify under oath that in selecting tenants for the property covered by the mortgage, the mortgagor will not discriminate against any family by reason of the fact that there are children in the family, and that the mortgagor will not sell the property while the mortgage insurance is in effect unless the purchaser also so certifies, such certifications to be filed with the Commissioner.

(b) Transient or hotel purposes. The mortgagor shall certify under oath that so long as the mortgage is insured by the Commissioner, the mortgagor will not rent, permit the rental, or permit the offering for rental, of the housing, or any part thereof, covered by such mortgage for transient or hotel purposes. For the purpose of this certificate, rental for transient or hotel purposes shall mean (1) rental for any period less than 30 days, or (2) any rental, if the occupants of the housing accommodations are provided customary hotel services such as room service for food and beverages, maid service, furnishing and laundering of linen, and bellboy service.

(c) Preferred purchasers or tenants. It shall be established, in a manner satisfactory to the Commissioner, that preference or priority of opportunity to purchase or rent dwelling units covered under the provisions of this part will be given to families as described in section 221 of the Act.

§ 268.14 Maximum interest rate.

The mortgage shall bear interest, not exceeding 5½ percent per annum, on the amount of the principal obligation outstanding at any time, as may be agreed upon between the mortgagor and the mortgagee. All chargés made in connection with the mortgage transaction shall be subject to the approval of the Commissioner.

§ 268.15 Mortgage maturity.

The mortgage must have a maturity satisfactory to the Commissioner, not to be more than forty years from the date of the insurance, or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser.

§ 268.16 Prepayment privilege.

(a) Prepayment in full. The mortgage indebtedness shall not be paid in full prior to maturity except that with the prior approval of the Commissioner, a mortgage may be paid in full prior to maturity:

(1) Where payment in full is made on a delinquent mortgage on which foreclosure proceedings have been commenced, or for the purpose of avoiding

foreclosure; or

(2) Where the Commissioner has determined the project no longer serves the need of providing housing for families eligible for the benefits of insurance under this part.

(b) Partial prepayments. With the prior written approval of the Commissioner, partial prepayments may be made for the purpose of reducing succeeding monthly payments of the remaining balance as recast over the remaining portion of the original mortgage term.

(c) Optional provision. The mortgage may, if required by the mortgagee, contain a provision that, prior to maturity, and with the approval of the Commissioner, partial prepayments may be made, after thirty days' written notice to the mortgagee, on any principal payment date. If prepayments are made in any calendar year in excess of 15 percent of the original face amount of the note, a reasonable charge on such excess may be allowed as agreed upon between the mortgagor and the mortgagee.

§ 268.17 Late charge.

The mortgage may provide for the collection by the mortgagee of a late charge, not to exceed 2 cents for each dollar of each payment to interest and principal more than 15 days in arrears, to cover the extra expense involved in handling delinquent payments. Late charges shall be separately charged to and collected from the mortgagor and shall not be deducted from any aggregate monthly payment.

§ 268.18 Development of property.

(a) Obligation of mortgagor to construct project. At the time the mortgage is insured, the mortgagor shall be obligated to construct and complete new housing accommodations on the mortgaged property or to rehabilitate existing housing accommodations designed

principally for residential use. The Commissioner may insure a mortgage on a completed project constructed pursuant to a commitment to insure upon completion.

(b) Minimum number of units. The project shall consist of not less than ten rental dwelling units on one site and may be detached, semidetached, or row houses, or a multifamily structure.

(c) Compliance with governmental regulations. The property, including improvements, shall comply with any material zoning or deed restrictions applicable to the project site and with all applicable building and other governmental regulations.

§ 268.19 Commercial and community facilities.

The project may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

§ 263.100 Effective date.

Unless otherwise specified, the provisions of this part are effective as to all mortgages on which a commitment to insure is issued on or after September 23, 1959.

SUBCHAPTER H-WAR HOUSING INSURANCE

PART 277—WAR HOUSING INSUR-ANCE; RIGHTS AND OBLIGATIONS OF MORTGAGEE UNDER INSUR-ANCE CONTRACT

Section 277.8 is amended by adding a new paragraph (d) to read as follows:

§ 277.8 Condition of property when transferred; delivery of debentures; certificate of claim and definition of the term "waste".

*

(d) In computing the value of the mortgage as set forth in paragraph (a) (1) of this section, the Commissioner may include in such computation the amount of payments made by the mortgagee for:

(1) Taxes imposed upon any deeds or other instruments by which said property was acquired by the mortgagee and transferred or conveyed to the Commissioner:

(2) Reasonable payments made by the mortgagee, with the approval of the Commissioner, for the purpose of protecting, operating, or preserving the property:

(3) The costs of acquiring the property by the mortgagee and conveying and evidencing title of the property to the Commissioner, may be included in the debenture computation as foreclosure costs and shall be subject to the aggregate limitation on foreclosure costs.

(Sec. 607, 55 Stat. 61, as amended; 12 U.S.C. 1742)

SUBCHAPTER M-MILITARY AND ARMED SERV-ICES HOUSING MORTGAGE INSURANCE

292α—A R M E D HOUSING INSURANCE; ELIGIBILITY REQUIREMENTS OF MORTGAGE

Subpart A-Military Personnel

1. In Part 292a the pertinent section heading in the Table of Contents is amended to read as follows:

292a.31 Wage certificates.

2. Section 292a.10 is amended to read as follows:

§ 292a.10 Mortgage maturity and amortization.

The mortgage shall have maturity and amortization provisions satisfactory to the Commissioner but in no event shall the maturity exceed 30 years from the date of the beginning of amortization.

3. Section 292a.31 is amended to read as follows:

§ 292a.31 Wage certificates.

No advance under any mortgage shall be eligible for insurance unless there is filed with the application for such advance certificates acceptable to the Commissioner certifying that:

(1) The laborers and mechanics employed in the construction of the dwelling or dwellings, or housing project involved have been paid not less than the wages prevailing in the locality in which the work was performed for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor prior to the beginning of construction and after the date of filing of the application for insurance;

(2) All laborers and mechanics employed in the construction of such project have been paid not less than one and one-half times the regular rate of pay for employment in excess of eight hours in any one day or in excess of 40 hours in any one week.

4. Section 292a.36 is amended by adding a new sentence at the end thereof to read as follows:

§ 292a.36 Development of property.

The property or project may include

such non-dwelling facilities as the Commissioner deems adequate to serve the occupants.

(Sec. 807, 69 Stat. 651; 12 U.S.C. 1748f. Interpret or apply sec. 803, 69 Stat. 646, as amended; 12 U.S.C. 1748b)

PART 293α---A R M E D SERVICES HOUSING INSURANCE: RIGHTS AND OBLIGATIONS OF THE MORT-GAGEE UNDER THE INSURANCE CONTRACT

Subpart B—Civilian Employees

Subpart B of Part 293a is revised to read as follows:

293a.25 Incorporation by reference. 293a.100 Effective date.

AUTHORITY: §§ 293a.25 and 293a.100 issued under sec. 807, 69 Stat. 651; 12 U.S.C. 1748g. Interpret or apply sec. 809, 70 Stat. 273, as amended; 12 U.S.C. 1748h-1.

§ 293a.25 Incorporation by reference.

(a) All of the provisions of Part 222 of this chapter covering mortgages insured under section 203 of the National Housing Act apply to mortgages insured under section 809 of the National Housing Act except the following provisions: Sec.

Mutual Mortgage Insurance Fund. 222.7

222.8 Distribution of participation shares.

Rights to participation shares. 222.9

222.18 Effective date.

(b) For the purposes of this subpart all references in Part 222 of this chapter to section 203 of the Act shall be construed to refer to section 809 of the Act and all references to the Mutual Mortgage Insurance Fund shall be construed to refer to the Armed Services Housing Mortgage Insurance Fund.

§ 293a.100 Effective date.

Unless otherwise specified, the provisions of this part are effective as to all mortgages on which a commitment to insure is issued on or after September 23, 1959.

5. Subchapter M is amended by adding a new Part 294 to read as follows:

PART 294-ARMED SERVICES HOUS-ING INSURANCE—SECTION 810 OF ACT

Subpart A-Eligibility Requirements of Mortagae

Sec. 294.1 Incorporation by reference. Definitions of terms as used in this

GENERAL REGULATIONS APPLICABLE TO ALL MORTGAGES

294.25 Certification by Secretary to Commissioner.

Insurance risk and economic sound-294.26 ness.

294.27 Guarantee of fund.

294.28 Reduced mortgage amounts-leaseholds.

Eligible mortgages-form. 294.29

294.30 Eligible mortgagors.

REGULATIONS FOR MULTIFAMILY PROJECTS

Maximum mortgage amounts-294.50 Multifamily Rental Project.

Maximum mortgage amounts-294.51 Multifamily Sales Project.

Increased mortgage amounts—high 294.52 cost areas.

294.53 Mortgage release provisions.

REGULATIONS FOR INDIVIDUAL MORTGAGES

294.75 Maximum mortgage amounts-Individual Mortgage.

Mortgagor's minimum investment. 294.76

Maximum term. 294.77

Amortization period. 294.78

Release from Multifamily Sales Pro-294.79 ject mortgage.

EFFECTIVE DATE

Sec. 294.100 Effective date.

Subpart B—Rights and Obligations of Mortgagee
Under Insurance Contract

294.101 Incorporation by reference—Multi-

family, Sales or Rental Project.
294.102 Incorporation by reference—Individual Mortgages.

294.200 Effective date.

AUTHORITY: §§ 294.1 to 294.200 issued under sec. 807, 69 Stat. 651; 12 U.S.C. 1748f. Interpret or apply sec. 810, 69 Stat. 651; as amended.

Subpart A—Eligibility Requirements of Mortgage

§ 294.1 Incorporation by reference.

(a) General—all mortgages. All of the provisions of §§ 221.1 to 221.8 of Subchapter C of this chapter shall govern the eligibility qualifications and requirements of mortgages under this subpart.

(b) Multifamily, Sales or Rental Projects. (1) All of the provisions of Part 232 of this chapter covering mortgages insured under section 207 of the National Housing Act apply to Multifamily, Sales or Rental Project mortgages insured under this subpart except the following

provisions:

Sec. 232.4 Maximum mortgage amounts.

232.10 Covenant for fire insurance.

232.11 Soundness of project.

232.17 Classification.

232.21 Qualification of lenders.

232.22 Eligibility of property.232.26 Certificate of actual cost.

232.30 Eligibility of miscellaneous type mortgages.

232.31 Eligibility of refinanced mortgages. 232.31a Eligibility of mortgages on trailer courts or parks for trailer coach mobile dwellings.

232.32 Reinsurance of Commissioner-held mortgages.

(2) For the purposes of this subpart all references in Part 232 of this chapter to section 207 of the National Housing Act shall be construed to refer to section 810 of such Act.

(c) Individual Mortgages. (1) All of the provisions of Part 221 of this chapter covering mortgages insured under section 203 of the National Housing Act ap-

ply to Individual Mortgages insured under this subpart except the following

provisions:

Sec.

221.16 Mortgage provisions.

221.17 Maximum mortgage amounts.

221.18 Mortgagor's minimum investment. 221.27 Economic soundness of project.

221.28 Eligible mortgages in Alaska, Guam or Hawaii.

221.39 Location of property.

221.41 Rental properties.

221.42 Eligibility of miscellaneous type mortgages.

221.44 Effective date.

(2) For the purposes of this subpart all references in Part 221 of this chapter to section 203 of the Act shall be construed to refer to section 810 of such Act.

§ 294.2 Definitions of terms as used in this part.

As used in this part, the following terms will have the meaning indicated:

(a) "Act" means the National Housing Act, as amended.

(b) "Commissioner" means the Federal Housing Commissioner or his authorized representatives.

(c) "Secretary" means the Secretary

of Defense or his designee.

(d) "Mortgage" means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than 99 years which is renewable; or (2) under a lease having a period of not less than 75 years to run from the date the mortgage is executed; or (3) under a lease executed by a governmental agency for the maximum term consistent with its legal authority, provided such lease has a period of not less than 50 years to run from the date the mortgage is executed; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances on. or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

(e) "Insured mortgage" means a mortgage which has been insured by the endorsement of the credit instrument by

the Commissioner.

(f) "Mortgagor" in the case of an Individual Mortgage means the original borrower under a mortgage and its successors and such of its assigns as are ap-

proved by the Commissioner.

- (g) "Mortgagor" in the case of a Multifamily Rental Project means a private corporation, association, or trust entity formed or created with the approval of the Commissioner for the purpose of providing housing for rent or sale, and possessing powers necessary therefor and incidental thereto, which is regulated or restricted by the Commissioner as to rents, sales, charges, capital structure, rate of return, and methods of operation, as set out in the contractual documents prescribed and approved by the Commissioner, which regulations or restrictions shall remain in effect until such time as the mortgage insurance contract terminates without obligation upon the Commissioner to issue debentures as a result of such termination.
- (h) "Mortgagee" means the original lender under a mortgage, its successors and such of its assigns as are approved by the Commissioner, and includes the holders of the credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee herein named.
- (i) "Multifamily Sales Project" means a project constructed under a blanket mortgage, covering a group of not less than eight single-family dwellings constructed for eventual sale to individual purchasers.
- (j) "Multifamily Rental Project" means a project constructed for the

purpose of providing rental housing accommodations for eligible tenants.

(k) "Individual Mortgage" means a mortgage covering an individual single-family dwelling which has been released from a Multifamily Sales Project mortgage.

(1) "Maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

GENERAL REGULATIONS APPLICABLE TO ALL MORTGAGES

§ 294.25 Certification by Secretary to Commissioner.

- (a) Certified housing. Applications for insurance of any mortgage under this part will not be accepted unless the Secretary has certified to the Commissioner that:
- (1) The housing which is covered by the insured mortgage is necessary in the interest of national defense in order to provide adequate housing for military personnel and essential civilian personnel serving or employed in connection with an installation of one of the Armed Services of the United States;

(2) There is no present intention to curtail substantially the number of such personnel assigned or to be assigned to

the installation;

(3) Adequate housing is not available for such personnel within reasonable commuting distance of such installation;

(4) The mortgaged property will not, so far as can be reasonably foreseen, substantially curtail occupancy in any existing housing in the vicinity of the installation if such housing is covered by mortgages insured under the Act;

(5) The aggregate number of dwelling units (including all units in multifamily projects or individual dwellings) covered by outstanding commitments to insure and mortgages insured under section 810 of the Act at no time shall exceed 5,000 dwelling units.

(b) Certified purchasers or tenants. Priority in the sale or rental of dwellings covered by a mortgage insured under this subpart shall be given to the following classes of persons certified by the Secre-

tary as:

(1) Military personnel;

(2) Essential civilian employees of the Armed Services;

(3) Employees of contractors for the Armed Services.

(c) Conclusive nature of certificates. Any certificates issued by the Secretary as provided in this section shall be conclusive evidence of:

(1) Compliance with the requirements of paragraph (a) of this section;

(2) The employment status of the person requiring housing and such person's need for housing.

§ 294.26 . Insurance risk and economic soundness.

Any mortgage may be accepted for insurance under this subpart by the Commissioner without regard to any requirement that the property or project be economically sound or an acceptable risk.

§ 294.27 Guarantee of fund.

If the Commissioner determines that insurance of any mortgage under this subpart is not an acceptable risk, he may require the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund from loss with respect to mortgages insured under this subpart.

§ 294.28 Reduced mortgage amounts—leaseholds.

The maximum mortgage amount is subject to reduction by an amount equal to the capitalized value of the ground rent in the event the mortgage is on a leasehold estate rather than on a fee simple holding. The mortgage amount shall be adjusted to the next lowest mortgage amount as stipulated in § 294.75 for Individual Mortgages.

§ 294.29 Eligible mortgages—form.

- (a) Form. The mortgage must be executed upon a form approved by the Commissioner for use in the jurisdiction in which the property covered by the mortgage is situated and must be a first lien upon property that conforms with property standards prescribed by the Commissioner.
- (b) Disbursement of mortgage proceeds. The entire principal amount of the mortgage must have been disbursed to the mortgagor or to his creditors for his account and with his consent.

§ 294.30 Eligible mortgagors.

In order to be eligible for mortgage insurance under this subpart, the mortgage shall be executed by a mortgagor approved by the Commissioner.

REGULATIONS FOR MULTIFAMILY PROJECTS

§ 294.50 Maximum mortgage amounts—Multifamily Rental Project.

A mortgage on a Multifamily Rental Project may involve a principal obligation not in excess of the lesser of the following:

- (a) \$5,000,000;
- (b) 90 percent of the estimated value; (c) \$2,500 per room (or \$9,000 per family unit if the number of rooms in such project does not equal or exceed four per family unit) for such part of such project as may be attributable to dwelling use:
- (d) The amount which the Commissioner estimates will be the cost of the completed improvements of the project exclusive of public utilities, streets, and organization and legal expenses.

§ 294.51 Maximum mortgage amounts—Multifamily Sales Project.

A mortgage on a Multifamily Sales Project may involve a principal obligation not in excess of the lesser of the following:

- (a) \$5,000,000:
- (b) A sum computed on the basis of a separate mortgage, for each single-family dwelling comprising the project, equal to the total of each of the maximum principal obligations of such mortgage which would meet the requirements of section 203(b)(2) of the Act if the mortgagor were the owner and oc-

cupant who had made any required payment on account of the property described in such section of the Act.

§ 294.52 Increased mortgage amounts high cost areas.

- (a) In any geographical area where the Commissioner finds cost levels so require, he may increase the dwelling unit limitation by an amount not to exceed \$1,000 per room.
- (b) If the Commissioner finds that because of high costs in Alaska, Guam, or Hawaii it is not feasible to construct dwellings without the sacrifice of sound standards of construction, design, and livability within the limitations of maximum mortgage amounts provided in this section, the principal obligation of mortgages may be increased in such amounts as may be necessary to compensate for such costs, but not to exceed, in any event, the maximum including high cost area increases, if any, otherwise applicable by more than one-half thereof.

§ 294.53 Mortgage release provisions.

A mortgage executed by a mortgagor of a Multifamily Sales Project shall provide that at any time after five years from the date the project became available for initial occupancy or at such earlier date as the Commission may authorize, the property underlying such mortgage may be released, in whole or in part, upon payment of the unpaid balance of the blanket mortgage allocable to the property released. Where the mortgage does not contain release provisions, no property shall, except with the consent of the Commissioner, be released from the lien thereof so long as the mortgage insurance is in force.

REGULATIONS FOR INDIVIDUAL MORTGAGES

§ 294.75 Maximum mortgage amounts—Individual Mortgage.

The mortgage shall involve a principal obligation in an amount of \$100 or multiples thereof except a mortgage having a principal obligation not in excess of \$15,000 and an amortization period of either 20, 25, 30 or 35 years may be in an amount of \$50 or multiples thereof and must not exceed the unpaid balance of the project mortgage allocable to the property offered as security.

§ 294.76 Mortgagor minimum investment.

At the time the mortgage is insured the mortgagor shall have paid on account of the property at least 3 percent of the Commissioner's estimate of the cost of acquisition or such larger amount as the Commissioner may determine, in cash or its equivalent.

§ 294.77 Maximum term.

The mortgage shall come due on the first of a month and must have a maturity satisfactory to the Commissioner, not more than 35 years or the unexpired term of the Multifamily Sales Project mortgage at the time of release of the mortgaged property from such property mortgage.

§ 294.78 Amortization period.

The amortization period shall be either 10, 15, 20, 25, 30 or 35 years by

providing for 120, 180, 240, 300, 360 or 420 monthly amortization payments.

§ 294.79 Release from Multifamily Sales Project mortgage.

To be released from the lien of a project mortgage, the property to be released and mortgaged shall be included as part of a Multifamily Sales Project and shall have located thereon a single-family dwelling. The mortgage shall be executed in connection with the release of such property from the lien of the project mortgage and to replace or refinance the project mortgage as to such property.

EFFECTIVE DATE

§ 294.100 Effective date.

Unless otherwise specified, the provisions of this part are effective as to all mortgages on which a commitment to insure is issued on or after September 23, 1959.

Subpart B—Rights and Obligations of Mortgagee Under Insurance Contract

§ 294.101 Incorporation by reference— Multifamily, Sales or Rental Project.

- (a) All of the provisions of Part 233 of this chapter covering mortgages insured under section 207 of the National Housing Act apply to Multifamily, Sales or Rental Project mortgages insured under section 810 of the National Housing Act except the following provision:
- 233.14 Effective date.
- (b) For the purposes of this part all references in Part 233 of this chapter to section 207 of the Act shall be construed to refer to section 810 of the Act and all references to the Housing Insurance Fund shall be construed to refer to the Armed Services Housing Mortgage Insurance Fund,

§ 294.102 Incorporation by reference— Individual Mortgages.

(a) All of the provisions of Part 222 of this chapter covering mortgages insured under section 203 of the National Housing Act apply to Individual Mortgages insured under section 810 of the National Housing Act except the following provisions:

Sec.

222.7 Mutual Mortgage Insurance Fund.

222.8 Distribution of participation shares.

222.9 Rights to participation shares.

222.18 Effective date.

(b) For the purposes of this part all references to Part 222 of this chapter to section 203 of the Act shall be construed to refer to section 810 of the Act and all references to the Mutual Mortagge Insurance Fund shall be construed to refer to the Armed Services Housing Insurance Fund.

§ 294.200 Effective date.

Unless otherwise specified, the provisions of this part are effective as to all mortgages on which a commitment to insure is issued on or after September 23, 1959.

SUBCHAPTER N—NATIONAL DEFENSE HOUSING INSURANCE

PART 295—NATIONAL DEFENSE HOUSING INSURANCE; RIGHTS AND OBLIGATIONS OF MORT-GAGEE UNDER INSURANCE CON-TRACT

Section 295.11 is amended by adding a new paragraph (d) to read as follows:

§ 295.11 Condition of property when transferred; delivery of debentures; certificate of claim and definition of the term "waste".

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(d) In computing the value of the mortgage as set forth in subparagraph (a) (1) of this section, the Commissioner may include in such computation the amount of payments made by the mortgagee for:

(1) Taxes imposed upon any deeds or other instruments by which said property was acquired by the mortgagee and transferred or conveyed to the Commis-

sioner;

(2) Reasonable payments made by the mortgagee, with the approval of the Commissioner, for the purpose of protecting, operating, or preserving the

property;

(3) The costs of acquiring the property by the mortgagee and conveying and evidencing title of the property to the Commissioner, may be included in the debenture computation as foreclosure costs and shall be subject to the aggregate limitation on foreclosure costs.

(Sec. 907, 65 Stat. 301; 12 U.S.C. 1750f)

Issued at Washington, D.C., September 23, 1959.

JULIAN H. ZIMMERMAN, Federal Housing Commissioner.

[F.R. Doc. 59-8083; Filed, Sept. 25, 1959; 8:50 a.m.]

Title 32—NATIONAL DEFENSE

Chapter XI—National Guard and State Guard, Department of the Army

PART 1101—NATIONAL GUARD REGULATIONS

Enlisted Men

Sections 1101.14, 1101.15, and 1101.16 are revised to read as follows:

§ 1101.14 Qualifications for enlistment or reenlistment.

(a) Applicability—(1) Purpose. This section and §§ 1101.15 and 1101.16 prescribe the eligibility requirements and procedures for enlistment and reenlistment of individuals in the federally recognized Army National Guard.

(2) Policy. (i) Recruiting and enlistment are responsibilities of the several States, Commonwealth of Puerto Rico,

and the District of Columbia.

(ii) Enlistments will be reviewed by the Chief, National Guard Bureau.

(iii) Enlistment and reenlistment are subject to any additional requirements imposed by State law, including residence, (3) Definitions. The following definitions are applicable in this section and in §§ 1101.15 and 1101.16:

(i) Enlistment. The original entry of an individual without prior National Guard service into the Army National Guard.

(ii) Reenlistment. The reentry into the Army National Guard of any individual having prior National Guard Service.

- (4) Army National Guard of the United States—(i) General. The Army National Guard of the United States is a reserve component of the United States Army and consists of all federally recognized units, organizations, and members of the Army National Guard of the several States, who, in addition to their status as such are Reserves of the Army in the same commissioned, warrant or enlisted grade in which they are federally recognized.
- (ii) Membership. Membership in the Army National Guard of the United States is acquired by virtue of:
- (a) Enlistment in the federally recognized Army National Guard of any State, and
- (b) Enlistment as a Reserve of the Army in the same grade.
- (b) Citizenship. Applicants who are otherwise qualified may be enlisted if they are:

(1) Citizens of the United States.

- (2) Aliens who present written evidence that they have made legal declaration of their intention to become citizens of the United States. Only those declarant citizens who can present the duplicate or triplicate copy of declaration of intention (United States Department of Justice; Immigration and Naturalization Service Form N-315), duly authenticated by a Federal district court, are eligible for enlistment in the Army National. Guard. Title 18, United States Code. Section 1426, prohibits the reproduction of a declaration of intention to become a citizen, or certificate of naturalization. Under no circumstances will these forms be reproduced.
- (c) Age. The age requirements for enlistment or reenlistment are:

(1) Eighteen through 35 years, except as otherwise provided in this paragraph.

(i) Any applicant may be accepted for enlistment who has reached his 17th but not his 18th birthday provided he furnishes written consent of his parents or guardian. If the applicant has neither parents nor guardian, a statement to that effect will be included under "Remarks" on the enlistment record by the enlisting officer. This entry will be read to the aplicant and initialed by him.

(ii) The written consent prepared on DD Form 373 (Consent, Declaration of Parent or Legal Guardian) will be signed by both parents. The consent of one parent may be accepted if the other parent is absent for an extended period of time. In case of such absence the one parent signing the consent agreement will also add in his or her own handwriting in the space provided for the signature of the other parent: "Not available for signature and does not object." If parents are divorced, the consent of the parent having custody of the applicant is

sufficient. In such cases, however, the divorced parent must furnish proof of custody.

(2) The maximum age limit of 35 years applies only to persons without prior service. A person who is otherwise qualified and meets the criteria shown in the following table may be enlisted or reenlisted in the Army National Guard. provided that no term of enlistment will extend beyond his 60th birthday, and provided further that he has had total active service in the federally recognized Army or Air National Guard since June 15, 1933, the Regular Army, Army of the United States, United States Air Force, United States Navy, United States Marine Corps, or any reserve components thereof, equal to or exceeding that shown in the following table:

Age Prior service required 36 under 38__ 1 year. 38 under 41__ 2 years.

41 and over__ 2 years plus the number of years applicant is over age 40.

- (3) An applicant who has been awarded decorations of the Silver Star, or higher, will be accepted for enlistment or reenlistment without regard to age limitations provided that no term of enlistment will extend beyond his 60th birthday.
- (4) Applicants who have reached their 36th and have not reached their 45th birthday at time of application for enlistment may be accepted for original enlistment and service in nondivisional AAA units of the Army National Guard. Such individuals are limited in assignment to such units and for service only within their immediate area; i.e., continental United States, Alaska, Hawaii, or Commonwealth of Puerto Rico. Under "Remarks" section of the enlistment record, qualification record, and service record, the following entry will be made. "By policy of the Department of the Army, individual will not be employed in the service of the United States outside the (Continental United States)1 (Alaska)¹ (Hawaii)¹ (Commonwealth of Puerto Rico) without his consent.

(5) Applicants who have reached their 45th and have not reached their 55th birthday at time of application for enlistment or reenlistment may be accepted for service in nondivisional AAA units provided they have served at least 1 year in an Armed Force of the United States, including a reserve component thereof. The same limitation of assignment contained in subparagraph (4) of this paragraph, is applicable and the same entry will be made on the enlistment record, qualification record and service record.

(6) Applicants who possess technical skills required by the Army National Guard, who have reached their 36th and have not reached their 45th birthday, may, when specifically authorized by the adjutant general of the State, Territory, Commonwealth of Puerto Rico, or the District of Columbia, be accepted for enlistment and service in State Headquarters Detachments. A person in this category will not be transferred to another unit unless he fulfills the age

¹ Include only the area applicable.

criteria for enlistment therein and is qualified for general military service. Waivers granted in such cases may be continued in effect upon immediate reenlistment without a break in service.

- (d) Aptitude requirements. (1) Applicants for enlistment in the Army National Guard, with or without prior active service in any of the Armed Forces must obtain a percentile score of 21 or higher in the AFQT-3 (DD Form 658) or AFQT-4 (DD Form 659) prior to enlistment. Documentary evidence of having attained a percentile score of 21 or higher on a previous AFQT or equivalent score on the ECFA will be accepted in lieu of the requirement for the AFQT-3 or AFQT-4. Equivalent score for examination in Puerto Rico is 78 on ECFA-1.
- (2) The provisions of subparagraph (1) of this paragraph are not applicable to individuals enlisting in the Alaskan Scout Battalions.
- (e) Moral requirements. Each applicant must have high moral character and personal qualifications. An applicant may be required to furnish evidence of good character. If the applicant has prior service, Report of Separation from the Armed Forces of the United States (DD Form 214) or other similar document will be presented to the enlisting officer for verification after which it will be returned to the applicant.
- (f) Training agreements. Individuals with no prior military service must agree to perform a prescribed period of active duty for training as a condition of enlistment. Each individual will execute NGB Form 21B, C or D, as appropriate in duplicate, acknowledging understanding of the training and service obligation incurred by enlistment in the Army National Guard.
- (g) Persons ineligible unless waiver is granted. The enlistment or reenlistment of any of the following is not authorized unless waiver is granted by the Chief, National Guard Bureau:
- (1) Applicant having time lost. A person who has been discharged from active Federal service, whose total time lost under the provisions of Title 10, United States Code, Section 972, in the Army or in any other Armed Force, was 60 days or more during his last period of enlistment or period of active duty.
- (2) Applicants with records of conviction by civil court. (i) Applicants for initial enlistment who have been tried and convicted by a civil court for other than the commission of a felony, and those who have been adjudicated a juvenile delinquent by a civil court. (Applicants with record of minor traffic offenses for which no type of civil restraint was imposed; may be enlisted without waiver.)
- (ii) Applicants for reenlistment in the Army National Guard, without a break in Army National Guard Service, who are on parole, probation, or suspended sentence by reason of conviction for the commission of a misdemeanor by a civil court or who have been adjudicated a juvenile delinquent by a civil court.
- (iii) Applicants for reenlistment in the Army National Guard with a break in service, who, subsequent to date of last discharge from the Army National

Guard have been tried and convicted by a civil court for other than the commission of a felony and those who have been adjudicated a juvenile delinquent by a civil court (applicants with record of minor traffic offenses for which no type of civil restraint was imposed, may be enlisted without waiver).

- (3) Physically substandard applicants. Applicants with prior service in any of the Armed Forces who fail to meet the prescribed physical standards, and those applicants last separated by reason of physical disability (even though they currently meet the prescribed physical standards). This includes personnel whose report of separation contains the following notation: "SR 600-450-10, for the convenience of the Government Disability existing prior to active service, and not aggravated by military service," and "Medical disqualification EPTS, SR 600-450-10."
- (4) Applicants classified IV-F. Applicants classified IV-F by Selective Service.
- (5) Types of separation. Applicants last discharged by reason of any of the following regulations or conditions:
- (i) Applicants last discharged from the Army under AR 615-366 or AR 635-206, par. 4a, b, or 6, AR 615-367; AR 615-368 or AR 635-208; AR 615-369 or AR 635-209, and applicants last discharged by similar authority from the other services.
- (ii) Applicants whose DD Form 214 (Report of Separation from the Armed Forces of the United States) or similar document includes the following: "EM does not meet prescribed requirements for retention;" "Adjudged a Youthful Offender" or "AFR 39-14," and ltr AFPMP-4h, 20 Mar 1950, subject: "Discharge of Physically Disqualified Airmen for Convenience of the Government."
- (iii) Applicants whose DD Form 214 includes the following statement under Remarks: "Par. 11, SR 615-105-1, applies.", or "Par. 9, or 20, AR 615-120." or "Par. 9, AR 601-210, applies."
- (iv) Former commissioned officers or warrant officers last separated from any of the Armed Forces, whether as a direct result of trial by courts-martial, reclassification, or elimination proceedings or by resignation in lieu thereof, and former officers and warrant officers last separated under AR 605–200, AR 605–275, AR 635–105A, or AR 635–120.
- (h) Persons ineligible—(1) Persons convicted of felonies. Any person convicted of a felony.
- (2) Applicants against whom criminal charges are pending. Persons who have criminal charges filed and pending against them.
- (3) Parolees. Persons on parole, probation, or suspended sentence of any civil court for any offense, except as indicated in paragraph (g) (2) (ii) of this section.
- (4) Discharged under other than honorable conditions. Applicants last discharged from the Armed Forces of the United States, including the reserve components thereof, under other than honorable conditions.
- (5) Insane or intoxicated. Persons who are habitually intoxicated, or who are insane, drug addicts, not of good

character and temperate habits, or who have a record of behavior disorders.

- (6) Claim of prior honorable service. Persons who claim prior honorable service but who are unable to produce written evidence of such service (DD Form 214 or similar document) will not be enlisted until official verification of service is received.
- (7) Persons who have received severance pay. Persons whose last report of separation shows that severance pay was received.
- (8) Mentally disqualified. (i) Persons who do not speak, read, and write the English language except where the language used is predominantly other than English.
- (ii) Other persons who fail to attain a percentile score of 21 or higher on the AFQT (paragraph (d) of this section).
- (9) Deserters. Deserters from any of the Armed Forces of the United States.
- (10) Aliens. Aliens who have not filed their legal declaration, to become citizens of the United States (paragraph (b) (2) of this section).
- (11) Minors or overage applicants. Applicants under 17 and those who have passed the 36th anniversary of their birth, except as authorized in paragraph (c) of this section.
- (12) Persons receiving disability pension or compensation. Persons who draw a disability pension, disability allowance, or disability compensation from the Government of the United States unless waived in accordance with pertinent National Guard Regulations.
- (13) Persons receiving retirement pay. Persons who draw retirement pay from the Government of the United States where retirement has been made on account of physical disability or age.
- (14) Persons with military status. (i) Members of the Regular Army, Navy, Air Force, United States Marine Corps, United States Coast Guard, Coast and Geodetic Survey.
- (ii) Members of any reserve component of the Armed Forces including enlisted members of the Ready Reserve of the Army Reserve and members of the Army or Air National Guard of another State, unless conditional release from such membership by the appropriate discharge authority is presented.
- (15) Members of NROTC or AFROTC. Persons who are bona fide members of Navy ROTC or Advanced Air Force ROTC.
- (16) Applicants who are disloyal or subversive or who refuse to sign loyalty certificates. Applicants who admit participation or whose available records show that they have at any time engaged in disloyal or subversive activities, applicants who refuse to sign the Loyalty Certificate for Personnel of the Armed Forces (DD Form 98), and applicants who sign the certificate and claim Federal constitutional privileges under the Fifth Amendment or Article 31, Uniform Code of Military Justice (10 U.S.C. 831).
- (17) Conscientious objectors. A person who is a conscientious objector. If an individual has been a conscientious objector, he will be required to furnish an affidavit which will express his abandonment of such beliefs and princi-

ples so far as they pertain to his willingness to bear arms and to give full and unqualified military service to the United States. An affidavit will be) prepared in quadruplicate and copy attached to each copy of the enlistment record.

(18) Persons with dependents. Persons otherwise eligible to enlist who

have 4 or more dependents.

(19) Persons previously discharged for dependency or hardship. A person previously discharged from any of the Armed Forces of the United States for hardship or dependency may not be accepted for enlistment (or reenlistment) unless it has been determined by investigation, conducted by the enlisting officer, that the reasons for which discharged no longer exist. An affidavit giving reasons for discharge, how they have been overcome, and that he will be available and not request discharge on account of dependency or hardship in the event of an emergency, will be obtained from the applicant.

(20) Cadets. Cadets, United States Military Academy; Midshipmen, United States Naval Academy; Cadets, United States Coast Guard Academy; Aviation Cadets, United States Air Force; and Cadets, United States Air Force Acad-

emy.

(21) Selective Service registrants. Selective Service registrants who have received orders from their local board to report for induction.

(22) Retired enlisted persons. Enlisted persons retired under Title 10, U.S.C., Section 3914, who are members of other reserve components of the

Armed Forces.
(23) Types of separation. Applicants separated from their last period of active service in any of the Armed Forces under any of the regulations and/or conditions prescribed in AR 601-210 (Qualifications and Procedures for processing applicants for enlistment in the Regular Army).

§§ 1101.15 Period of enlistment and grades.

(a) Period of enlistment. (1) Original enlistments will be for 3 years.

(2) Reenlistments may be for 1 or 3 years.

(b) Grades. (1) Applicants without prior service will be enlisted in grade of private E-1.

- (2) Persons with prior service, of the type and in the amount prescribed below, may be enlisted or reenlisted in a higher grade, provided TOE vacancy exists, as follows:
- (i) Persons who have 4 months or more creditable service for pay purposes and who do not meet the requirements for enlistment or reenlistment in a higher grade, may be enlisted in grade of private F-2.
- (ii) Persons may be enlisted in grade (noncommissioned officer, specialist, or private 1st class) equivalent to the grade held in the Regular Army, Army of the United States, United States Air Force, United States Marine Corps, including areserve component thereof, at the time of last release or discharge.

(iii) Persons may be reenlisted in the Army National Guard in a grade (noncommissioned officer, specialist, or private 1st class) equivalent to the grade held at time of last discharge.

§§ 1101.16 Date of enlistment and recognition.

(a) Date of enlistment. The date of enlistment is the date upon which the oath of enlistment is administered. An enlistment will not be antedated or postdated under any circumstances.

(b) Federal recognition status. (1) A person enlisting in a federally recognized unit of the Army National Guard acquires a federally recognized status on the date on which he takes and subscribes to the oath of enlistment.

(2) A person enlisting in an Army National Guard unit not federally recognized acquires a federally recognized status on the date his unit is federally recognized. However, the period of enlistment of the person commences on the date he takes and subscribes to the oath of enlistment.

[NGR 25-1, Feb. 9, 1959] (Sec. 110, 70A Stat. 600; 32 U.S.C. 110)

R. V. Lee, Major General, U.S. Army, The Adjutant General.

[F.R. Doc. 59-8043; Filed, Sept. 25, 1959; 8:45 a.m.]

Title 33—NAVIGATION AND NAVIGABLE-WATERS

Chapter II—Corps of Engineers, Department of the Army

PART 203—BRIDGE REGULATIONS New Jersey Intracoastal Waterway and Tributaries

Pursuant to the provisions of section 5 of the River and Harbor Act of August 18, 1894 (28 Stat. 362; 33 U.S.C. 499), § 203.220 governing the operation of bridges over the New Jersey Intracoastal Waterway and tributaries is hereby amended with respect to paragraphs (d) and (n), the drawbridge across Manahawkin Bay between Ship Bottom and Manahawkin having been removed from the waterway, as follows:

§ 203.220 New Jers.ey Intracoastal Waterway and tributaries; bridges.

(d) The draws in each and every bridge or group of bridges shall, upon the signal prescribed in paragraph (c) of this section, be promptly opened at any and all hours of the day or night, except as provided in paragraph (m) of this section for the passage of any vessel, vessels, or other watercraft unable to pass safely underneath the draw when closed. For bridges crossing the New Jersey Intracoastal Waterway, failure of the draws to be fully opened within 4 minutes from the signal to open shall be considered a violation of the requirement for prompt opening, except as provided in paragraph (m) of this section.

(n) [Revoked].

[Regs., Sept. 11, 1959, 285/91 (New Jersey Intracoastal Waterway and Tributary)—ENGWO] (Sec. 5, 28 Stat. 362; 33 U.S.C. 499)

R. V. LEE, Major General, U.S. Army, The Adjutant General.

[F.R. Doc. 59-8042; Filed, Sept. 25, 1959; 8:45 a.m.]

Title 39—POSTAL SERVICE

Chapter I—Post Office Department

PART 162—COMMERCE DEPART-MENT REGULATIONS (COMMODI-TIES AND TECHNICAL DATA)

PART 168—DIRECTORY OF INTER-

Instructions Governing Mail Exportations Under Commerce Department Licenses and International Mail Regulations

I. Section 162.2 General licenses, as amended by Federal Register Document 59-5315, 24 F.R. 5221, is further amended for the purpose of clarification and to show changes in the regulations governing mail exportations under Commerce Department licenses. As so amended, § 162.2 reads as follows:

§ 162.2 General licenses.

(a) Definition and use. A general license is not a specific document, but is a general authorization covering exportations within its provisions, each general licensé being designated by symbol, such as GRO, GLV, GIFT, GUS, etc. A brief description of the general licenses usually employed for mail shipments is given in this section. Further information can be obtained as set forth in § 162.1. When the contents of a package are properly exportable under a general license, other than G-PUB, GTDP, GTDU or GTDS, mark the wrapper with the appropriate symbol and the words "Export license not required" before presenting it at the post office. The marking certifies that the mailer has complied with the regulations governing the use of the general license denoted by the symbol. No marking is required on wrappers of packages containing printed matter and technical data mailed under general licenses G-PUB, GTDP, GTDU, and GTDS.

(b) Restricted destinations. Commerce Department imposes particular restrictions on exports to Hong Kong, Macao, and the following Soviet bloc countries: Albania, Bulgaria, China (mainland including Manchuria), Czechoslovakia, Estonia, Germany (Soviet Zone including Soviet sector of Berlin), Hungary, Latvia, Lithuania, Rumania, Tibet, U.S.S.R., and Viet-Nam (Communist-controlled areas). Packages for those countries may not bear any general-license symbol other than GIFT (not permitted to mainland China); GUS; G-PUB; GTDP; GTDS; GHK; or GLV (for Hong Kong and Macao); or GLSA (for destinations named in paragraph (g) of this section.)

- (c) General license gift. (1) This license covers gift packages mailed by or on behalf of an individual sender to an individual addressee for the personal use of the latter or his family or to a religious, charitable, or educational organization. The contents are limited to items normally sent as gifts, such as food, clothing (except military clothing to the Soviet bloc countries shown in paragraph (b) of this section), medicinals, and drugs.
- (2) The value of the contents of a package is limited to \$50.

(3) Not more than one gift package may be mailed per week to one addressee under this general license.

(d) General license GUS. This license may be used for shipments to United States Government personnel under prescribed conditions.

(e) General license G-PUB. This license may be used for mailing miscellaneous printed matter to any country. No general license symbol is required on the wrapper.

(f) General licenses GTDP, GTDU, and GTDS for technical data. (1) General license GTDP may be used for mailing technical data generally available in published form to any country.

- (2) General license GTDU may be used for mailing technical data not generally available in published form, except for certain data as specified by the Bureau of Foreign Commerce relating to civil aircraft, parts, accessories and electronic equipment used in connection therewith, and petroleum and petrochemical plants and processes. It may not be used to Poland or any Soviet bloc country listed in paragraph (b) of this section.
- (3) General license GTDS may be used for mailing unclassified scientific and educational technical data under prescribed conditions.
- (4) No general license symbol is required on the wrappers of packages mailed under licenses GTDP, GTDU, and GTDS.
- (g) General license GLSA. This license may be used for mailing commercial shipments of certain commodities to Albania, Bulgaria, Czechoslovakia, Estonia, Germany (Soviet Zone including the Soviet sector of Berlin), Hungary, Latvia, Lithuania, Rumania, and the U.S.S.R. except the Maritime Province which comprises the Pacific coastal region of Siberia from the Bering Strait to and including Vladivostok.

(h) Other general licenses. General license GHK may be used only for shipments to Hong Kong and Macao. Other licenses (GRO, GO, GLV, etc.) may be used for shipments to any country not listed in paragraph (b) of this section, and general license GLV may be used for certain commodities to Hong Kong and Macao.

Note: The corresponding Postal Manual section is 272.2.

(R.S. 161, as amended, 396, as amended, 398, as amended; 5 U.S.C. 22, 369, 372)

II. Section 162.3 Validated licenses, is amended for the purpose of clarification and to show changes in the regulations governing mail exportations under Com-

merce Department licenses. As so amended, § 162.3 reads as follows:

§ 162.3 Validated licenses.

(a) Definition and use. A validated license is an individual document issued by the Bureau of Foreign Commerce, authorizing a specific exportation. Further information can be obtained as set forth in § 162.1. Before mailing a shipment under a validated license the sender must put the license number on the wrapper.

(b) Export declaration required. An export declaration (see Part 161 of this chapter) is required for every shipment covered by a validated license, except technical data. However, partial shipments of technical data must comply with paragraph (c) of this section.

- (c) Entire and partial shipments. In making a shipment against a validated license, the mailer must surrender the license at the post office regardless of whether the total quantity shown on the license is mailed. However, if only a part of the licensed quantity is mailed, the mailer may, as an alternative deposit the license with a collector of customs and surrender at the post office a shipper's export declaration (Commerce Form 7525-V) bearing the number of the license and an authorization dated and signed by the collector or by his representative for shipment of the goods shown on the declaration. This is in addition to the declarations required by Part 161 of this chapter and paragraph (b) of this section.
- (d) Technical Data Licenses. Licenses issued by the Bureau of Foreign Commerce for exportations of technical data are similar in form to the usual type of validated license, but are handled somewhat differently. No shipper's export declaration is required, except for partial shipments (see paragraph (c) of this section).

Note: The corresponding Postal Manual section is 272.3.

(R.S. 161, as amended, 396, as amended, 398, as amended; 5 U.S.C. 22, 369, 372)

§ 168.5 [Amendment]

III. In § 163.5 Individual country regulations, as published in the FEDERAL REGISTER of March 20, 1959, at pages 2119–2195, as Federal Register Document 59–2388, make the following changes: •

- A. In country "Brazil", as amended by Federal Register Document 59–4137, 24 F.R. 3991, under Postal Union Mail, make the following changes as a result of the postal authorities of Brazil giving notice that registered letters or letter packages for that country may no longer contain any articles of value.
- 1. The item Letter packages containing dutiable merchandise is amended to read as follows:

Letter packages containing dutiable merchandise. Not accepted.

2. The item *Prohibitions and import* restrictions is amended to read as follows:

Prohibitions and import restrictions. Coins, banknotes, paper money and any values payable to bearer.

Articles prohibited or restricted as parcel post are prohibited or restricted in the postal union mail.

- B. In country "Egypt", as amended by Federal Register Document 59-5635, 24 F.R. 5490, under Parcel Post, make the following changes as a result of a new parcel post agreement entered into with United Arab Republic (Egypt and Syria), effective on October 1, 1959.
- 1. Amend the tabular information immediately following the item *Air parcel rates* to read as follows:

Weight limit: 44 pounds.

Sealing: Insured parcels must, and ordinary parcels may, be sealed.
Group shipments: No.

Registration: No.

Insurance: Yes.

Postal forms required: One Form 2922; One Form 2966.

2. Strike out the item "Indemnity. No provision." and insert in lieu thereof a new item "Insurance." to read as follows:

Insurance. The following fees and limits of indemnity apply:

	ree,
Limit of indemnity	cents
· Not over \$10	20
From \$10.01 to \$25	25
From \$25.01 to \$50	
From \$50.01 to \$100	55
From \$100.01 to \$165	60

Print on the wrapper, near the "IN-SURED" endorsement and number, the amount for which the parcel is insured. This amount shall be shown in United States currency and in gold francs. The indication in United States currency shall be in figures and in letters spelled out in full, and the gold franc equivalent in figures only, as shown in the following example:

INSURED VALUE \$25.75 (U.S.)

TWENTY-FIVE DOLLARS AND SEVENTY-FIVE CENTS

77.25 GOLD FRANCS

See Part 122 of this chapter for method of converting United States currency into gold francs and for general information on insurance.

Parcels containing coin, precious metals, jewelry, or any other precious article must be insured.

- C. In country "Syria (Republic of)", make the following changes as a result of a new parcel post agreement entered into with United Arab Republic (Egypt and Syria), effective on October 1, 1959.
- 1. Strike out "(Republic of)" in the country heading of "Syria".
- 2. Under Parcel Post, amend the tabular information immediately following the item Air parcel rates to read as follows:

Weight limit: 11, 22, 44 pounds. Sealing: Insured parcels must, and ordinary parcels may, be sealed.

Group shipments: No. Registration: No.

Insurance: Yes.

Postal forms required: One Form 2922; One Form 2966.

¹Parcels addressed to Chahba and Salkhad are limited to 11 pounds in weight, and parcels for Tel-Abiad and Yabroud to 22 pounds. To other places in Syria the weight limit is 44 pounds.

Dimensions to read as follows:

Dimensions. Greatest combined length and girth, 6 feet. Greatest length 3½ feet, except that parcels may measure up to 4 feet in length, on condition that parcels over 42 and not over 44 inches in length do not exceed 24 inches in girth, parcels over 44 and not over 46 inches in length do not exceed 20 inches in girth, and parcels over 46 inches and up to 4 feet in length do not exceed 16 inches in girth.

4. Under Parcel Post, strike out the item "Indemnity. No provision." and insert in lieu thereof a new item "Insurance" to read as follows:

Insurance. The following insurance fees and limits of indemnity apply:

Limit of indemnity: Fee	, cents
Not over \$10	. 20
From \$10.01 to \$25	. 25
From \$25.01 to \$50	. 35
From \$50.01 to \$100	. 55
From \$100.01 to \$165	. 60

Print on the wrapper, near the "IN-SURED" endorsement and number, the amount for which the parcel is insured. This amount shall be shown in United States currency and in gold francs. The indication in United States currency shall be in figures and in letters spelled out in full, and the gold franc equivalent in figures only, as shown in the following example:

> INSURED VALUE \$25.75 (U.S.)

TWENTY-FIVE DOLLARS AND SEVENTY-FIVE CENTS

77.25 GOLD FRANCS

See Part 123 of this chapter for method of converting United States currency into gold francs and for general information on insurance.

Parcels containing coin, precious metals, jewelry, or any other precious article must be insured.

D. In "Places not included in a alphabetical list of countries" insert "United Arab Republic (Egypt and Syria)" proper alphabetical order therein. (R.S. 161, as amended, 396, as amended, 398,

as amended; 5-U.S.C. 22, 369, 372)

[SEAL] LEO G. KNOLL. Acting General Counsel.

[F.R. Doc. 59-8112; Filed, Sept. 25, 1959; 8:50 a.m.]

Title 43—PUBLIC LANDS:

Chapter I-Bureau of Land Management, Department of the Interior

APPENDIX-PUBLIC LAND ORDERS

[Public Land Order 1980] [Fairbanks 023026]

ALASKA

Reserving Lands for Use of the Forest Service for Research Purposes

In F.R. Doc. 59-7765, appearing at page 7529 in the issue for Friday, September

3. Under Parcel Post, amend the item 18, 1959, the first line of the land description should read "T. 7S., R. 8 E.,".

> [Public Land Order 1984] [New Mexico 034635]

NEW MEXICO

Opening Lands Under Section 24 of the Federal Power Act (Power Site Reserve No. 59)

1. In DA-54-New Mexico, issued June -24, 1958, the Federal Power Commission determined that the value of the following-described lands will not be injured or destroyed for purposes of power development by location, entry, or selection under the public land laws subject to the provisions of Section 24 of the Federal Power Act, as amended:

NEW MEXICO PRINCIPAL MERIDIAN

T. 29 N., R. 13 W., Sec. 24, NE¼SW¼ and N½SE¼.

The areas described aggregate 120 acres.

2. The lands are crossed by the San Juan River and lie in a wide valley about four miles above the town of Farming-ton. They are gently sloping to flat and the soil is very sandy to sandy with a sparse cover of grama grass, brouse, cottonwood, and other woody vegetation.

- 3. By virtue of the authority vested in the Secretary of the Interior by section 24 of the Federal Power Act of June 10, 1920 (41 Stat. 1 1075; 16 U.S.C. 818), as amended, the lands are hereby opened to location, entry and selection under the public-land laws, subject to the provisions of Section 24 of the Federal Power Act, supra, and subject to valid existing rights, and the requirements of applicable law, in accordance with the follow-
- a. Applications and selections under the nonmineral public-land laws may be presented to the Manager mentioned below, beginning on the date of this order. Such application and selections will be considered as filed on the hour and respective dates shown for the various classes enumerated in the following paragraphs:
- (1) Applications by persons having prior existing valid settlement rights, preference rights conferred by existing laws, or equitable claims subject to allowance and confirmation will be adjudicated on the facts presented in support of each claim or right. All applications presented by persons other than those referred to in this paragraph will be subject to the applications and claims mentioned in this paragraph.
- (2) All valid applications under the Homestead, Desert Land, and Small Tract Laws by qualified veterans of World War II or of the Korean Conflict, and by others entitled to preference rights under the act of September 27, 1944 (58 Stat. 747; 43 U.S.C. 279-284 as amended), presented prior to 10:00 a.m. on October 27, 1959, will be considered as simultaneously filed at that hour. Rights under such preference right applications filed after that hour and before 10:00 a.m. on December 22, 1959, will be governed by the time of filing.

(3) All valid applications and selections under the nonmineral public-land laws, other than those coming under paragraphs (1) and (2) above, presented prior to 10:00 a.m. on December 22, 1959 will be considered as simultaneously filed at that hour. Rights under such applications and selections filed after that hour will be governed by the time of filing.

4. The State of New Mexico has waived the preference right granted to it by subsection (c) of section 2 of the act of August 27, 1958 (72 Stat. 928; 43 U.S.C.

851, 852).

5. Until 10:00 a.m. on December 22, 1959, the lands shall be subject to application by the State of New Mexico under Section 24 of the Federal Power Act. supra, for the reservation to the State or any political subdivision thereof, of any of the lands required as a right-of-way. for a public highway or as a source of materials for the construction and maintenance of such highways.

6. The lands have been open to applications and offers under the mineral leasing laws, and to location under the United States mining laws pursuant to the act of August 11, 1955 (69 Stat. 683:

30 U.S.C. 621).

- 7. No application for the lands may be allowed under the homestead, desert-land, small tract or any other nonmineral public-land law unless the lands have already been classified as valuable or suitable for such type of application, or shall be so classified upon the consideration of an application. Any application that is filed will be considered on its merits. The lands willnot be subject to occupancy or disposition until they have been classified.
- 8. Persons claiming veterans preference rights must enclose with their applications proper evidence of militaryor naval service, preferably a complete photostatic copy of the certificate of honorable discharge. Persons claiming preference rights based upon valid settlement, statutory preference, or equitable claims must enclose properly corroborated statements in support of their claims. Detailed rules and regulations governing applications which may be filed pursuant to this notice can be found in Title 43 of the Code of Federal Regulations.

Inquiries concerning the lands shall be addressed to the Manager, Land Office, Bureau of Land Management, Santa Fe, New Mexico.

ROGER ERNST. Assistant Secretary of the Interior. SEPTEMBER 21, 1959.

[F.R. Doc. 59-8045; Filed, Sept. 25, 1959; 8:46 a.m.]

> [Public Land Order 1985] [Arizona 09229]

ARIZONA

Withdrawing Lands for Use of the Bureau of Public Roads for Highway Relocation Purposes (Interstate Highway U.S. 91)

By virtue of the authority vested in the President, and pursuant to Execu-

tive Order No. 10355 of May 26, 1952, it is ordered as follows:

Subject to valid existing rights, the following-described public lands in Arizona are hereby withdrawn from all forms of appropriation under the public * land laws, including the mining and mineral leasing laws but not disposals of materials under the act of July 31, 1947 (61 Stat. 681; 30 U.S.C. 601-604), as amended, and reserved under the jurisdiction of the Secretary of the Interior for use of the Bureau of Public Roads. Department of Commerce, for right-ofway purposes in connection with the relocation of the right-of-way of Inter-state Highway U.S. 91 via the Virgin River Gorge, in furtherance of the purposes and objectives of section 7 of the Federal Aid Highway Act of 1944 (58 Stat. 838):

GILA AND SALT RIVER MERIDIAN

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T. 41 N., R. 12 W.,
   Sec. 5, NW1/4;
   Sec. 6, N1/2
T. 42 N., R. 12 W.,
   Sec. 31, SE1/4.
T. 41 N., R. 13 W.,
   Sec. 1, N1/2;
   Sec. 3, S1/3
   Sec. 4, SE1/4
   Secs. 7 and 8;
   Sec. 9, N1/2;
   Sec. 10, N1/2
   Sec. 18, NW1/3
T. 41 N., R. 14 W.,
   Sec. 12, E1/2;
   Sec. 13, N 1/2 and SW 1/4:
  Secs. 14 and 15;
Sec. 20, SE1/4;
  Sec. 21;
   Sec. 22, N1/2;
   Sec. 23, NW1/4;
   Sec. 28, NW1/4;
   Sec. 29:
   Sec. 30, lot 3, E½SW¼, and SE¼;
Sec. 31, N½.
T. 40 N., R. 15 W.,
   Sec. 4, lots 1, 3, SE\frac{1}{4}NW\frac{1}{4}, NE\frac{1}{4}SW\frac{1}{4}, and
   S1/2 SE1/4;
Sec. 8, NW 1/4 NE1/4.
T. 41 N., R. 15 W.,
Sec. 25, N½SE¼ and SW¼SE¼;
Sec. 35, N½ and SE¼.
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The areas described aggregate approximately 8,995 acres.

ROGER ERNST, Assistant Secretary of the Interior.

SEPTEMBER 21, 1959. [F.R. Doc. 59-8046; Filed, Sept. 25, 1959; 8:46 a.m.]

> [Public Land Order 1986] [Idaho 010001]

IDAHO

Restoration Subject to Section 24 of the Federal Power Act (Power Site Reserve No. 565)

By virtue of the authority vested in the Secretary of the Interior by section 24 of the Act of June 10, 1920 (41 Stat. 1075; 16 U.S.C. 818) as amended, and pursuant to determination DA-517-Idaho of the Federal Power Commission issued November 21, 1958, it is ordered as follows:
1. The following-described public

public lands, withdrawn in Power Site Reserve No. 565 by the Executive order of November 21, 1916, are hereby opened to application, petition, location and selection under applicable public land laws, subject to valid existing rights, the requirements of applicable laws, the 91-day preference right filing period for veterans and others entitled to preference under the Act of September 27, 1944 (58 Stat. 747; 43 U.S.C. 279-284) as amended, and to the provisions of section 24 of the Federal Power Act of June 10, 1920 (41 Stat. 1075; 16 U.S.C. 818) as amended:

Boise Meridian

T. 9 S., R. 16 E. Sec. 24, lot 11.

The area described contains 48.80

2. Until 10:00 a.m. on December 22, 1959, the State of Idaho shall have a preferred right to apply for the reservation to it, or to any of its political subdivisions, under any statute or regulation applicable thereto, of any of the lands required as a right-of-way for a public highway or as a source of materials for the construction and maintenance of such highways, as provided by said Section 24, supra. The State has waived its preference right of application to select. afforded it by subsection (c) of section 2 of the Act of August 27, 1958 (72 Stat. 928; 43 U.S.C. 851-2).

3. Applications by veterans and others claiming preference under the Act of September 27, 1944, filed at or before 10:00 a.m. on October 27, 1959, shall be considered as simultaneously filed at that time. Such applications thereafter filed shall be considered in the order of filing.

4. Applications by the general public received at or before 10:00 a.m. on December 22, 1959, shall be considered as simultaneously filed at that time. Such applications thereafter filed shall be considered in the order of filing.

5. The lands have been open to applications and offers under the mineral leasing laws, and to location under the mining laws pursuant to the Act of August 11, 1955 (69 Stat. 683; 30 U.S.C.

Inquiries concerning the lands shall be addressed to the Manager, Land Office, Bureau of Land Management, Boise, Idaho.

> ROGER ERNST, Assistant Secretary of the Interior.

SEPTEMBER 21, 1959.

[F.R. Doc. 59-8047; Filed, Sept. 25, 1959; 8:46 a.m.]

> [Public Land Order 1988] [Misc. 1725115]

ALABAMA

Modifying the Boundaries of the Wheeler National Wildlife Refuge

By virtue of the authority vested in the President and to effectuate further the purposes of the Migratory Bird Conservation Act of February 18, 1929 (45 Stat. 1222; 16 U.S.C. 715, et seq.) and pursuant to Executive Order No. 10355

of May 26, 1952, and in accordance with the provisions of the agreement trans-ferring land and rights from the Tennessee Valley Authority to the United States Department of the Interior for the use and benefit of the Fish and Wildlife Service, dated the sixth day of February, 1959, approved by the Director of the Bureau of the Budget on the 21st day of May, 1959, and designated Contract No. TV-19470A, it is ordered as follows:

7787

1. The following-described lands are hereby added to and made a part of the Wheeler National Wildlife Refuge, as established by Executive Order No. 7926 of July 7, 1938, the boundaries of which were modified by Executive Order No. 9790 of October 14, 1946, and by agreements between the Tennessee Valley Authority and the Department of the Interior, Fish and Wildlife Service, dated August 12, 1947 (12 F.R. 5942), and June 16, 1953 (18 F.R. 4088):

a. Certain lands which were excluded from the Refuge by the agreement dated June 16, 1953, supra, and which are described as parcels 2, 3, and 4 of that agreement.

b. A tract of land in Morgan County, Alabama, in sections 20, 21, 28, and 29, T. 6 S., R. 4 W., on the shores of the Flint Creek embayment of Wheeler Lake at the U.S. Highway 31 bridge across the embayment, being a portion of the land previously excluded from the Refuge by the Agreement of August 12, 1947, supra, and which are more particularly described as follows:

Beginning at a point in the centerline of the L&N Railroad, in the line between sections 20 and 21. T. 6 S., R. 4. W., and in the boundary of the United States of America's land from which US-TVA Monument 137 in the boundary of the United States of America's land at the northwest corner of the SW1/4 section 21 bears N. 3°15' E. at a distance of 63 feet.

From the initial point into section 21, T. 6 S., R. 4 W., and subsequently in section

With the centerline of the L&N Railroad as it meanders in a southerly direction approximately 6050 feet to a point in the south line of the NE14NE14NE14SW14 section 28 and in the boundary of the United States of America's land; Thence in section 28 with the United States of America's boundary line.

Leaving the L&N Railroad, N. 89°40' W., 1093 feet to US-TVA Monument 94 at the southwest corner of the NW14NW14NE14

SW1/4; N. 1°40' E., 337 feet to US-TVA Monument 95 at the northwest corner of the

NE4/SW4; N. 88°25' W., 333 feet to US-TVA Monu-

ment 96 at the southwest corner of the SE¼SE¼SW¼NW¼;
S. 1°35′ W., 1334 feet to US-TVA Monument 97 at the southeast corner of the SW¼SE¼NW¼SW¼;
With the south line of the NW¼SW¹; N. 89°30′ W., 397 feet to US-TVA Monument

93A in the east line of the right-of-way for U.S. Highway 31;

Leaving the United States of America's boundary line,
With the east line of the right-of-way

for U.S. Highway 31 and a line 75 feet east of and parallel to the centerline of the high-way N. 10°40' W., 402 feet to the east end of an offset line in the right-of-way; With the offset line S. 79°20' W., 9 feet;

Continuing with the east line of the

right-of-way for U.S. Highway 31 and a line 66 feet east of and parallel to the centerline of the highway N. 10°40' W., 3634 feet to US-TVA Monument 148 in the north line of section 29 and in the boundary of the United States of America's land;

Thence in section 20 and with the United

States of America's boundary line, Continuing with the east line of the right-of-way for U.S. Highway 31 N. 10°45' W., 204 feet to US-TVA Monument 147;

Leaving the highway right-of-way line, S. 89°50' E., 318 feet to US-TVA Monument 133 in the east line of section 20;

Thence between sections 20 and 21, N. 1°10' E., 446 feet to a metal marker;

Thence in section 21, leaving the United States of America's boundary line,

N. 47°08' E., 592 feet, passing a metal marker at 565 feet, to a metal marker in the

centerline of a county road;

With the centerline of the county road as it meanders in a northerly direction approximately along a bearing and distance of N. 11°20′ W., 250 feet to a metal marker in the north line of the SW¼SW¼; With the north line of the SW½SW¾ N.

89°50' W., 23 feet to US-TVA Monument 135 in the west line of the right-of-way for the county road and in the boundary of the United States of America's land;

With the United States of America's boundary line,

With the west line of the county road right-of-way as it meanders in a northerly direction approximately 910 feet (the straight line bearing and distance being N. 19°50' W., 905 feet) to US-TVA Monument 136 in the west line of section 21.

Thence between sections 20 and 21,

Leaving the county road right-of-way line, N. 3°15' E., 452 feet to the point of beginning.

2. The following-described non-public lands are hereby excluded from the Wheeler National Wildlife Refuge:

a. A tract of land in Limestone County, Alabama, in sections 3, 4, 9, and 10, T. 5 S., R. 4 W., on the northeast shores of Wheeler Lake at U.S. Highway 31, and more particularly described as follows:

Beginning at US-TVA Monument 39 in the centerline of a county road at the northeast corner of the NW1/4NW1/4 section 10 and in the boundary of the United States of America's land.

From the initial point between sections 3 and 10.

With the centerline of the county road N. 88°30' W., 490 feet;

Thence in sections 10, 9, and 4,

Leaving the centerline of the county road. S. 82'05' W., 122 feet to a metal marker (US-TVA Marker No. 196-60WC, Coordinates: N. 1,684,340; E. 665, 861) on the south side of the county road and in the 560-foot contour on the shore of Wheeler Lake;

With the south side of the county road in a westerly direction to a point in the southeast line of the original right-of-way for U.S.

Highway 31;

With the southeast line of the original right-of-way for U.S. Highway 31 as it curves to the left in a northeasterly direction to a point in the north line of the SE14SE14SE14 section 4 and in the boundary of the United States of America's land:

With the United States of America's

boundary line,

Leaving the right-of-way line, N. 80°25' E. to US-TVA Monument 41 at the northeast corner of the SE14SE14SE14 section 4;

Thence in section 3, S. 88°25' E., 1338 feet to US-TVA Monument 40 at the northeast corner of the SE1/4

SW1/4SW1/4; S. 0°55' W., 666 feet to the point of beginning.

b. A tract of land in Limestone County, Alabama, in section 2, T. 5 S., R. 4 W., on the northeast side of Wheeler Lake, approximately 3 miles northeast of Decatur and more particularly described as fol-

Beginning at US-TVA Monument 24 in the centerline of a county road and in the boundary of the United States of America's land at the southwest corner of the SE¼SE¼SE¼SW¼ section 2.

From the initial point with the United States of America's boundary line between

sections 2 and 11,

With the centerline of the county road N. 89°10' W., 328 feet to US-TVA Monument 23 at the southwest corner of the SE14SE14-SW1/4 section 2;

Thence in section 2,

Leaving the county road, N. 0°45' E., 2657 feet to US-IVA Monument, 22 at the northwest corner of the NE1/4NE1/4SW1/4;

S. 88°50' E., 661 feet to US-TVA Monument 21 at the northeast corner of the SW1/4; S. 0°50' W., 2657 feet to US-TVA Monument 20 in the centerline of a county road. at the southeast corner of the SW1/4;

Thence between sections 2 and 11, leaving the United States of America's boundary

With the centerline of the county road N. 88°45' W., 328 feet to the point of beginning.

c. A tract of land in Limestone County, Alabama, in the NE¼NE¼ section 8, T. 5 S., R. 3 W., on the left bank of Limestone Creek, approximately 3/4 mile east of Mooresville, and more particularly described as follows:

Beginning at US-TVA Monument 118 in the boundary of the United States of America's land at the common corner of sections 4, 5, 8, and 9.-

From the initial point with the United States of America's boundary line between

sections 8 and 9, S. 0°55' W., 187 feet to a metal marker in the centerline of a county road:

Thence in section 8, leaving the United States of America's boundary line,

With the centerline of the county road as it meanders in a westerly direction approximately 1200 feet to a point in the centerline of Limestone Creek and in the boundary of the United States of America's land;

With the United States of America's boundary line,

With the centerline of Limestone Creek as it meanders upstream approximately 500 feet to a point in the north line of section 8:

Thence between sections 5 and 8, Leaving the creek, S. 89°35' E., 1110 feet to the point of beginning. .

d. A tract of land in Madison County, Alabama, in the SE¼SE¼ section 36, T. 4 S., R. 2 W., on both banks of Indian Creek, approximately 5 miles northeast of Triana, and more particularly described as follows:

Beginning at US-TVA Monument 1 in the boundary of the United States of America's (TVA's) land at the northeast corner of the SE¼SE¼ section 36.

From the initial point with the United States of America's (TVA's) boundary line between section 36, T. 4 S., R. 2 W., and section

31, T. 4 S., R. 1 W. S. 1°35' W., 662 feet to US-TVA Monument 2 at the southeast corner of the NEWSEWSEW section 36.

Thence in section 36, leaving the United States of America's boundary line,

N. 89°25' W., 1342 feet to US-TVA Monument 245-7;

N. 1°50' E., 660 feet to a metal marker in the boundary of the United States of America's (TVA's) land at the northwest corner of the SE14SE14;

With the United States of America's

boundary line, S. 89°30' E., 1338 feet to the point of be-

e. A tract of land in Madison County, Alabama, in the W½ section 19, T. 5 S., R. 1 W., and in section 24, T. 5 S., R. 2 W., on the northeast shore of Wheeler Lake, approximately 2 miles east of Triana, and more particularly described as follows:

Beginning at the US-TVA Monument 105 in the boundary of the United States of America's (TVA's) land at the northeast corner of the SE1/4SE1/4NW1/4 section 19, T. 5 S., R. 1 W.

From the initial point with the United States of America's (TVA's) boundary line in section 19, T. 5 S., R. 1 W.,

With the east line of the W1/2 S. 2°05' W., 1450 feet to a point in the centerline of an old road:

Leaving the United States of America's (TVA's) boundary line and the said line,

With the centerline of the old road as it meanders in a southwesterly direction approximately 1500 feet to a point on the northeast bank of the original channel of the Tennessee River;

Southwesterly approximately 700 feet to a point in the centerline of the original chan-

nel of the Tennessee River;

With the centerline of the original channel of the Tennessee River as it meanders in a northwesterly direction approximately 1400 feet to a point in the west line of section 19; Thence in section 24, T. 5 S., R. 2 W.,

Continuing with the centerline of the original channel of the Tennessee River as it meanders in a westerly direction approxi-mately 34 mile to a point in the west line of the $E\frac{1}{2}W\frac{1}{2}$;

With the west line of the E1/2 W1/2 N. 1°30' E., approximately 400 feet to a metal marker in the 556.3-foot contour on the north shore of Wheeler Lake;

N. 1°30' E., 412 feet, passing US-TVA Monument 213-254WC at 31 feet, to US-TVA Monument 213-253 at the northwest corner of the SF1/4SE1/4NW1/4;

S. 89°30' E., 3983 feet to a metal marker at the northeast corner of the SE1/4SE1/4NE1/4; Thence in section 19, T. 5 S., R. 1 W.,

S. 87°35′ E., 1961 feet to US-TYA Monument 104 in the boundary of the United States of America's (TVA's) land at the northwest corner of the SE½SE½NW½; With the United States of America's (TVA's) however the States of America's

(TVA's) boundary line,
-S. 89°40' E., 675 feet to the point of beginning.

f. A tract of land in Morgan County, Alabama, in the SE¼SE¼ section 3, T. 6 S., R. 4 W., on the east side of the Flint Creek embayment of Wheeler Lake, at the State Highway 67 crossing of the embayment, and more particularly described as follows:

Beginning at US-TVA Monument 5 in the east line of section 3 and in the boundary of the United States of America's land.

From the initial point with the United States of America's boundary line between .

sections 2 and 3, S, 0°15' W., 89 feet to a point in the centerline of State Highway 67;

Thence in section 3, leaving the United States of America's boundary line,

With the centerline of State Highway 67 in a northwesterly direction approximately along a bearing and distance of N. 63°25' W., 655 feet to a point at a county road;

With the centerline of the county road as it meanders approximately along the following bearings and distances:

N. 13°45′ W., 838 feet to a metal marker, S. 64°25′ E., 220 feet to a point in the boundary of the United States of America's

With the United States of America's

boundary line, Leaving the county road, S. 15°50' E., 762 feet to US-TVA Monument 4;

S. 63°15' E., 423 feet to the point of beginning.

g. A tract of land in Morgan County, Alabama, in the NW 1/4 section 11, T. 6 S., R. 4 W., on the east side of the Flint Creek embayment of Wheeler Lake, at the State Highway 67 crossing of the embayment, and more particularly described as follows:

Beginning at US-TVA Monument 16 in a county road and in the boundary of the United States of America's land at the northeast corner of the NW1/4 NE1/4 NW1/4 sec-

From the initial point with the United States of America's boundary line in section

With the east line of the W1/2 NE1/4 NW1/4 S. 1°10' W., 834 feet to a point in the centerline of State Highway 67;

Leaving the United States of America's boundary line,

With the centerline of State Highway 67 in a northwesterly direction approximately along a bearing and distance of N. 63°25' W., 1872 feet to a point in the north line of section 11 and in the boundary of the United States of America's land;

With the United States of America's boundary line between sections 2 and 11, Leaving the highway, S. 89°50' E., 145 feet to US-TVA Monument 7;

Thence in section 11, Due south, 27 feet to US-TVA Monument 8; S. 63°25' E., 350 feet; N. 88°20' E., 58 feet;

N. 14°15' W., 87 feet to US-TVA Monument 10:

N. 19°30' W., 64 feet to US-TVA Monu-

ment 11; N. 1°40' W., 35 feet to US-TVA Monument 12 in the north line of section 11 at a county road:

Thence between sections 2 and 11,

S. 89°50' E., 1220 feet to the point of beginning.

h. A tract of land in Morgan County, Alabama, in sections 22, 26, 27, 34, and 35, T. 5 S., R. 4 W., on the west shores of the Flint Creek Embayment of Wheeler Lake at the mouth of the embayment, and more particularly described as follows:

Beginning at US-TVA Monument 183 at the northwest corner of the NE14NW14 section 34 and in the boundary of the United States of America's land.

From the initial point with the United States of America's boundary line and between sections 27 and 34,

S. 89°05' E., 1333 feet to US-TVA Monument 184 (buried) at the southwest corner of the SE¼ section 27; Thence in section 27,

N. 0°45' E., 1326 feet to US-TVA Monument 69 at the northwest corner of the SW1/4SE1/4; S. 89°05' E., 667 feet to US-TVA Monument

68 at the northeast corner of the NW1/4SW1/4 N. 0°50' E., 1322 feet to US-TVA Monument

67 at the northwest corner of the NE1/4NW1/4 SE1/4; N. 88°55' W., 667 feet to US-TVA Monu-

ment 66 at the southwest corner of the NE1/4; N. 0°45' E., 660 feet to US-TVA Monument 65 at the northwest corner of the SW1/4SW1/4 NE1/4

N. 88°50' W., 667 feet to US-TVA Monument 64 at the southwest corner of the NE1/4 SE14NW14;

N. 0°45' E., 1322 feet to US-TVA Monument 63 at the northwest corner of the SE'4NE'4NW'4;
Leaving the United States of America's

boundary line,

With the north line of the SE1/4NE1/4NW1/4 S. 88°45' E., 227 feet, passing a metal marker at 207 feet, to a point in the 556.3-foot contour on the southwest shore of an embayment of Wheeler Lake;

Continuing with the north line of the SE¼NE½NW½ S. 88°45′ E., 173 feet; N. 0°45′ E., approximately 3120 feet to a

point in the center line of the original channel of the Tennessee River:

With the center line of the original channel of the Tennessee River as its meanders in a southeasterly direction approximately 1 mile to a point opposite the mouth of the original channel of Flint Creek;

With the center line of the original channel of Flint Creek as it meanders in a general southwesterly direction approximately 234 miles:

Leaving the center line of the original channel of Flint Creek, N. 0°45' W., approximately 2600 feet to the point of beginning.

Note: The positions of corners and directions of lines in Madison County are referred to the Alabama (East) Coordinate System. The positions of corners and directions of lines in Limestone and Morgan Counties are referred to the Alabama (West) Coordinate System. The contour elevation is based on MSL Datum as established by the USC&GS 1929 General Adjustment. The boundary markers designated "US-TVA Monument" are concrete monuments capped by bronze tablets imprinted with the given numbers.

3. The extent of use, possession, custody, and control of the lands within the Wheeler National Wildlife Refuge which may be exercised by the United States Department of the Interior and by the Tennessee Valley Authority, respectively, shall be governed by the privisions of Contract No. TV-19470A aforesaid.

> ELMER F. BENNETT. Acting Secretary of the Interior.

SEPTEMBER 21, 1959.

Sec.

[F.R. Doc. 59-8049; Filed, Sept. 25, 1959; 8:46 a.m.]

PROPOSED RULE MAKING

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service [7 CFR Part 29] **TOBACCO INSPECTION** Subpart C-Standards

Notice is hereby given that the United State Department of Agriculture is considering a modification, as hereinafter proposed, of United States Official Standard Grades for Burley Tobacco, pursuant to the authority contained in The Tobacco Inspection Act (49 Stat. 731; 7 U.S.C. 511 et seq.).

The proposed standards will supersede the current United States Official Standard Grades for Burley Tobacco (§§ 29.401 to 29.495) effective October 1952.

The principal changes are in the form of presentation and the use of terminology. This modification (1) deletes some definitions and adds new definitions to clarify present terminology; (2) includes as an integral part of the standards, a

table showing the elements of quality and degrees of each element; (3) adds rules to facilitate grade application; (4) includes as official standard grades all special factor grades or subgrades except four which are deleted; (5) combines four nondescript grades under a single designation; (6) adds one mixed color grade, four variegated grades, and five greenish grades; (7) establishes combination color symbols; and (8) incorporates a summary of the standard grades and a key to standard grademarks.

All persons who desire to submit written data, views, or arguments for consideration in connection with the proposed standard grades should file the same with the Director, Tobacco Division, Agricultural Marketing Service, United States Department of Agriculture, Washington 25, D.C., not later than 15 days after publication of this notice in the Federal Register.

The proposal is as follows:

1. Delete §§ 29.401-29.495 in Subpart C of Part 29 and substitute therefore immediately after § 29.1225 the following: OFFICIAL STANDARD GRADES FOR BURLEY TOBACCO (U.S. TYPE 31)

DEFINITIONS

29.3001 Definitions. 29.3002 Air-cured. 29.3003 Air-dried. Body. 29.3004 29.3005 Burley, Type 31. 29.3006 Buff color (L). 29.3007 Class. 29.3008 Clean. Color. 29.3009 Color intensity. 29.3010 29.3011 Color symbols. Combination color symbols. 29.3012 29.3013 Condition. 29.3014 Crude. 29.3015 Cured. 29.3016 Damage. 29.3017 Dark red color (D). 29.3018 29.3019 Elements of quality. 29 3020 Fiber. 29.3021 Finish. 29.3022 Foreign matter. 29.3023 Form. 29.3024 General color. 29.3025 General quality. 29.3026 Grade. 29.3027 Grademark.

No. 189----6

DEFINITIONS

§ 29.3001 Definitions.

As used in these standards, the words and phrases hereinafter defined shall have the indicated meanings so assigned.

§ 29.3002 Air-cured.

Tobacco cured under natural atmospheric conditions. Artificial heat is sometimes used to control excess humidity during the curing period to prevent house-burn and barn-burn in damp weather. Air-cured tobacco should not carry the odor of smoke or fumes resulting from the application of artificial heat.

§ 29.3003 Air-dried.

The condition of unfermented tobacco as customarily prepared for storage under natural atmospheric conditions.

§ 29.3004 Body.

The thickness and density of a leaf or the weight per unit of surface. (See Elements of quality.)

§ 29.3005 Burley, Type 31.

'That type of air-cured tobacco, commonly known as Burley, produced principally in Kentucky, Tennessee, Virginia, North Carolina, Ohio, Indiana, West Virginia, and Missouri.

§ 29.3006 Buff color (L).

A light yellow slightly shaded toward red.

§ 29.3007 Class.

A major division of tobacco based on method of cure or principal usage.

§ 29.3008 Clean.

Tobacco is described as clean when it contains only a normal amount of sand or soil particles. Leaves grown on the lower portion of the stalk normally contain more sand or dirt than those from higher stalk positions. (See rule 20.)

§ 29.3009 Color.

The third factor of a grade, based on the relative hues, saturations or chroma, and color values common to the type.

§ 29.3010 Color intensity.

The varying degree of saturation or chroma. Color intensity as applied to tobacco describes the strength or weakness of a specific color or hue. It is applicable to all colors except variegated. Color intensity is reversed in its application to grades of greenish and green tobaccos and is omitted from these grade specifications. (See Elements of quality.)

§ 29.3011 Color symbols.

As applied to Burley, single color symbols are as follows: I—buff, F—tan, R—red, D—dark red, K—variegated, M—mixed color, V—greenish, G—green. F and R are considered in relation to the type as a whole when used with the M group. (See definition of General color.)

§ 29.3012 Combination color symbols.

As applied to Burley, combination color symbols are as follows: FR—tannish red, VF—greenish tan, VR—green-

ish red, GF—green tan, GR—green red. (See rules 17 and 18.)

§ 29.3013 Condition.

The state of tobacco which results from the method of preparation or from the degree of fermentation. Words used to describe the condition of tobacco are as follows: Undried, air-dried, steam-dried, sweating, sweated, and aged. Burley is air-dried or steam-dried for storage and aging.

§ 29.3014 Crude.

The lowest degree of maturity. Crude leaves are usually hard and slick as a result of extreme immaturity. A similar condition may result from sunburn or sunscald. Any leaf which is crude to the extent of 20 percent of its leaf surface may be described as crude. (See rule 19.)

§ 29.3015 Cured.

Tobacco dried of its sap by either natural or artificial processes.

§ 29.3016 Damage.

The effect of mold, must, rot, black rot, or other fungous or bacterial diseases which attack tobacco in its cured state. Tobacco having the odor of mold, must, or rot is considered damaged. (See rule 23.)

§ 29.3017 Dark red color (D).

A dark reddish brown.

§ 29.3018 Dirty.

The state of tobacco containing an abnormal amount of dirt or sand, or tobacco to which additional quantities of dirt or sand have been added. (See rule 23.)

§ 29.3019 Elements of quality.

Elements of quality and the degrees used in the specifications of the official standard grades of Burley, Type 31, are shown in § 29.3101. Words have been selected to describe the degrees of each element. Some of the words are almost synonymous in their meaning, yet, they are sufficiently different to represent steps within the range of the elements of quality to which they are applied.

§ 29.3020 Fiber.

The term applied to the veins in a tobacco leaf. The large central vein is called the midrib or stem. The smaller lateral and cross veins are considered from the standpoint of size and color and in some types are treated as elements of quality. In Burley, fiber size and color are not of great importance, except where a fine distinction must be made between several lots of high quality or between sides of the same lot.

§ 29.3021 Finish.

The reflectance factor in color perception. Finish indicates the sheen or shine of the surface of a tobacco leaf. Descriptive terms range from bright to dingy. (See Elements of quality.)

§ 29.3022 Foreign matter.

Any extraneous substance or material such as stalks, suckers, straw, strings, rubber bands, et cetera. Abnormal

29.3028 Green (G). 29.3029 Greenish (V). 29.3030 Group. 29.3031 Injury. 29.3032 Leaf scrap. 29.3033 Leaf structure. 29.3034 29.3035 Leaf surface. Length. 29.3036 Lot. 29.3037 Maturity. 29.3038 Mixed color (M). 29.3039 'Nested. 29.3040 No grade. 29.3041 Offtype. 29.3042 OII. Order (case). 29.3043 29.3044 Package. 29.3045 Packing. Pink or pinkish. 29.3046 Quality. 29.3047 29.3048 Raw. 29.3049 Red color (R). 29.3050 29.3051 Rework. Semicured. 29.3052 Side. 29.3053 Sound. 29.3054 Special factor. 29.3055 Steam-dried. 29.3056 Stem. 29.3057 Stemmed. 29.3058 Strength (tensile). 29.3059 Strips. 29.3060 Subgrade. 29.3061 Sweated. 29.3062 Sweating. Tan color (F). 29.3063 29.3064 Tannish-red color (FR). 29.3065 Tobacco. Tobacco products. 29,3066 29.3067 Type. 29.3068 Undried, 29.3069 Uniformity 29.3070 Unsound (U). 29.3071 Unstemmed. 29.3072 Variegated (K). 29.3073 Wet (W). 29.3074 Width. ELEMENTS OF QUALITY 29.3101 Elements of quality and degrees of

29.3101 Elements of quality and degrees of each element.

29.3103 Rules. 29.3104 Rule 1. 29.3105 Rule 2. 29.3106 Rule 3. 29.3107 29.3108 Rule 4. Rule 5. 29.3109 Rule 6. 29.3110 Rule 7. 29.3111 Rule 8. 29.3112 Rule 9. 29.3113 Rule 10. 29.3114 Rule 11. 29.3115 Rule 12. 29.3116 Rule 13. 29.3117 Rule 14. 29.3118 Rule 15. 29.3119 Rule 16. 29.3120 Rule 17. 29.3121 Rule 18. 29.3122 Rule 19. 29.3123 Rule 20. 29.3124 Rule 21.

GRADES

29.3151 Flyings (X Group). 29.3152 Lugs or Cutters (C Group). 29.3153 Leaf (B Group). 29.3154 Tips (T Group).

29.3155 Mixed (M Group). 29.3156 Nondescript (N Group). 29.3157 Scrap (S Group).

Rule 22.

Rule 23.

29.3125

29.3126

SUMMARY OF STANDARD GRADES 29.3181 Summary of standard grades.

KEY TO STANDARD GRADEMARKS

29.3182 Key to standard grademarks.

amounts of dirt or sand also are in- § 29.3032 Leaf scrap. cluded. (See rule 23.)

§ 29.3023 Form.

The stage of preparation of tobacco such as unstemmed or stemmed.

§ 29.3024 General color.

The color of tobacco considered in relation to the type as a whole. General color is distinguished from the restricted use of the term "color" within a group. It is basically related to body and other over-all characteristics of the type.

§ 29.3025 General quality.

The quality of tobacco considered in relation to the type as a whole. General quality is distinguished from the restricted use of the term "quality" within a group.

§ 29.3026 Grade.

A subdivision of a type according to group, quality, and color,

§ 29.3027 Grademark.

A grademark normally consists of three symbols which indicate group, quality, and color. A letter is used to indicate group, a number to indicate quality, and a letter or letters to indicate color. For example, C2F means Lugs, second quality, and tan color.

§ 29.3028 Green (G).

A color term applied to immature or crude tobacco. Any leaf which has a green color affecting 20 percent or more, of its leaf surface may be described as green. (See rule 18.)

§ 29.3029 Greenish (V).

A color term applied to greenishtinged tobacco. Any leaf which has a greenish tinge or a pale green color affecting 20 percent or more of its surface may be described as greenish. rule 17.)

§ 29.3030 Group. .

A division of a type covering closely related grades based on certain characteristics which are related to stalk position or the general quality of the tobacco. Groups in Burley, Type 31, are as follows: Flyings (X), Lugs or Cutters (C), Leaf (B), Tips (T), Mixed (M), Nondescript (N), and Scrap (S).

§ 29.3031 Injury.

Hurt or impairment from any cause except the fungous or bacterial diseases which attack tobacco in its cured state. (See definition of Damage.) Injury to tobacco may be caused by field diseases, insects, or weather conditions; insecticides, fungicides, or cell growth inhibitors; nutritional deficiencies or excesses: or improper fertilizing, harvesting, curing, or handling. Injured tobacco includes dead, burnt, hail-cut, torn, broken, frostbitten, sunburned, sunscalded, scorched, fire-killed, bulk-burnt, steamburnt, barn-burnt, house-burnt, bleached, bruised, discolored, or deformed leaves; or tobacco affected by wildfire, rust, frogeye, mosaic, root rot. wilt, black shank, or other diseases. (See Elements of quality and rule 14.)

A by-product of unstemmed tobacco. Leaf scrap results from handling unstemmed tobacco and consists of loose and tangled whole or broken leaves.

\$ 29,3033 Leaf structure.

The cell development of a leaf as indicated by its porosity or solidity. (See Elements of quality.)

§ 29.3034 Leaf surface.

The smoothness or roughness of the web or lamina of a tobacco leaf. Leaf surface is affected to some extent by the size and shrinkage of the veins or fibers. (See Elements of quality.)

§ 29.3035 Length.

The linear measurement of cured tobacco leaves from the butt of the midrib to the extreme tip. (See Elements of quality.)

§ 29.3036 Lot.

A pile, basket, bulk, or more than one bale, case, hogshead, tierce, package, or other definite package unit.

§ 29.3037 Maturity.

The degree of ripeness. Tobacco is mature when it reaches its prime state of development. The extremes are expressed as crude and mellow. (See Elements of quality.)

§ 29.3038 Mixed color (M).

Distinctly different colors of the type mingled together. (See rule 16.)

§ 29.3039 Nested.

Any tobacco which has been loaded, packed, or arranged to conceal foreign matter or tobacco of inferior grade, quality, or condition. Nested includes: (a) Any lot of tobacco which contains foreign matter or damaged, injured, tangled, or other inferior tobacco, any of which cannot be readily detected upon inspection because of the way the lot is packed or arranged; (b) any lot of tied tobacco which contains foreign matter in the inner portions of the hands or which contains foreign matter in the heads under the tie leaves: (c) any lot of tied tobacco in which the leaves on the outside of the hands are placed or arranged to conceal inferior quality leaves on the inside of the hands or which contains wet tobacco or tobacco of lower quality in the heads under the tie leaves; (d) any lot of tobacco which consists of distinctly different grades, qualities, or conditions and which is stacked or arranged in layers with the same kinds together so that the tobacco in the lower layer or layers is distinctly inferior in grade, quality, or condition from the tobacco in the top or upper layers. (See rule 23.)

§ 29.3040 No grade.

A designation applied to a lot of tobacco which is classified as nested, offtype, rework, semicured, tobacco damaged 20 percent or more, abnormally dirty tobacco, tobacco containing foreign matter, and tobacco having an odor not been thoroughly dried in the curing foreign to the type. (See rule 23.)

§ 29.3041 Offtype.

Tobacco of distinctly different characteristics which cannot be classified as Burley, Type 31. (See rule 23.)

\$ 29.3042 Oil.

A soft, semifluid constituent of tobacco. Oil, although present in Burley tobacco to a limited degree, is not considered an element of quality in the specifications of the standard grades for this type.

§ 29.3043 Order (case).

The state of tobacco with respect to its moisture content.

§ 29.3044 Package.

A hogshead, tierce, case, bale, or other securely enclosed parcel or bundle.

§ 29.3045 Packing.

A lot of tobacco consisting of a number of packages submitted as one definite unit for sampling or inspection. It is represented to contain the same kind of tobacco and has a common identification number or mark on each package.

§ 29.3046 Pink or pinkish.

A color term applied to pink or pinkish tobacco. Any leaf which has a pink or pinkish color affecting 20 percent or more of its leaf surface is considered as mixed color. (See rule 16.)

§ 29.3047 Quality.

A division of a group or the second factor of a grade, based on the relative degree of one or more elements of quality in tobacco.

§ 29.3048 Raw.

Freshly harvested tobacco or tobacco as it appears between the time of harvesting and the beginning of the curing process.

§ 29.3049 Red color (R).

A brownish red.

§ 29.3050 Rework.

Any lot of tobacco which needs to be resorted or otherwise reworked to prepare it properly for market in the manner which is customary in the type area, including: (a) Tobacco which is so mixed that it cannot be classified properly in any grade of the type, because the lot contains a substantial quantity of two or more distinctly different grades which should be separated by sorting; (b) tobacco which contains an abnormally large quantity of foreign matter or an unusual number of muddy or extremely dirty leaves which should be removed: and (c) tobacco not tied in hands, not packed straight, not properly tied, or otherwsie not properly prepared for market. (See rule 23.)

§ 29.3051 Semicured.

Tobacco in the process of being cured or which is partially but not thoroughly cured. Semicured includes tobacco which contains fat stems, wet butts, swell stems, frozen tobacco, and tobacco having frozen stems or stems that have process. (See rule 23.)

§ 29.3052 Side.

A certain phase of quality, color, or length as contrasted with some other phase of quality, color, or length; or any peculiar characteristic of tobacco.

§ 29.3053 Sound.

Free of damage.

§ 29.3054 Special factor.

A symbol or term authorized to be used with specified grades. Tobacco to which a special factor is applied may meet the general specifications but has a peculiar side or characteristic which tends to modify the grade. (See rule 9.)

§ 29.3055 Steam-dried.

The condition of unfermented tobacco as customarily prepared for storage by means of a redrying machine or other steam-conditioning equipment.

§ 29.3056 Stem.

The midrib or large central vein of a tobacco leaf.

§ 29.3057 Stemmed.

A form of tobacco, including strips and strip scrap, from which the stems or midribs have been removed.

§ 29.3053 Strength (tensile).

The stress a tobacco leaf can bear without tearing. Tensile strength is not an important-element of quality in stems or midribs have not been removed. Burley tobacco.

\$ 29.3059 Strips.

The sides of a tobacco leaf from which the stem has been removed; or a lot of tobacco composed of strips.

§ 29.3060 Subgrade.

Any grade modified by a special factor symbol.

§ 29.3061 Sweated.

The condition of tobacco which has passed through one or more fermentations natural to tobacco packed with a normal percentage of moisture. condition is sometimes described as aged.

§ 29.3062 Sweating.

The condition of tobacco in the process of fermentation.

§ 29.3063 Tan color.

A light red-yellow.

§ 29.3064 Tannish-red color (FR).

A light red shaded toward tan.

§ 29.3065 Tobacco.

Tobacco as it appears between the time it is cured and stripped from the stalk, or primed and cured, and the time it enters into the different manufacturing processes. The acts of stemming, sweating, and conditioning are not regarded as manufacturing processes. Tobacco, as used in these standards, does not include manufactured or semimanufactured products, stems, cuttings, clippings. trimmings, siftings, or dust.

§ 29.3066 Tobacco products.

Manufactured tobacco, including cigarettes, cigars, smoking tobacco, chew-

ing tobacco, and snuff, which is subject to Internal Revenue tax.

§ 29.3067 Type.

A division of a class of tobacco having certain common characteristics and closely related grades. Tobacco which has the same characteristics and corresponding qualities, colors, and lengths is classified as one type, regardless of any factors of historical or geographical nature which cannot be determined by an examination of the tobacco.

§ 29.3068 Undried.

The condition of unfermented tobacco which has not been air-dried or steamdried.

§ 29.3069 Uniformity.

An element of quality which describes the consistency of a lot of tobacco as it is prepared for market. Uniformity is expressed in grade specifications as a percentage. The percentage is applicable to group, quality, and color. (See rule 13.)

§ 29.3070 Unsound (U).

Damaged under 20 percent. (See rule 21.)

§ 29.3071 Unstemmed.

A form of tobacco, including whole leaf and leaf scrap, from which the

§ 29.3072 Variegated (K).

Any leaf of which 20 percent or more of its surface is yellow, grayish, mottled, between them.

or bleached, and does not blend with the normal colors of the type or group and is generally characterized by a lower degree of leaf structure and maturity than tobacco of the corresponding group and quality. (See rule 15.)

§ 29.3073 Wet (W).

Any sound tobacco containing excessive moisture to the extent that it is in an unsafe or doubtful-keeping order. Wet applies to any tobacco which is not damaged but which is likely to damage if treated in the customary manner. (See rule 22.)

§ 29.3074 Width.

The relative breadth of a tobacco leaf expressed in relation to its length. (See Elements of quality.)

ELEMENTS OF QUALITY

§ 29.3101 Elements of quality and degrees of each element.

These standardized words or terms are used to describe tobacco quality and to assist in interpreting grade specifications. Tobacco attributes or characteristics which constitute quality are designated as elements of quality. The range within each element is expressed by the use of words or terms designated as de-These several degrees are argrees. ranged to show their relative value, but the actual value of each degree varies with type, group, and grade. In each case the first and last degrees represent the full range for the element, and the intermediate degrees show gradual steps

Elements		,	Degrees	-	
1 Body 2 Maturity. 3 Leaf structure (porosity and solidity), 4 Leaf surface (smoothness) 5 Finish. 6 Color intensity 7 Width. 8 Length 9 Uniformity 10 Injury tolerance	Tissuey Mellow Porous Smooth Bright Deep Broad (2) (2)	Thin Ripe Open Even Clear Strong Spready (2) (2)	Medium Mature	Fleshy	Heavy. Immature. Solid. Rough. Dingy. Pale. Stringy. (2) (2)

Expressed in inches. ² Expressed in percentage.

RULES

§ 29.3103 Rules.

The application of these official standard grades shall be in accordance with the following rules:

§ 29.3104 Rule 1.

Each grade shall be treated as a subdivision of a particular type. When the grade is stated in an inspection certificate, the type also shall be stated.

§ 29.3105 Rule-2.

The determination of a grade shall be based upon a thorough examination of a lot of tobacco or of an official sample of the lot.

§ 29.3106 Rule 3.

In drawing an official sample from a hogshead or other package of tobacco, three or more breaks shall be made at such points and in such manner as the inspector or sampler may find necessary to determine the kinds of tobacco and

the percentage of each kind contained in the lot. One break shall be made not more than six inches from the top of the package and one not more than six inches from the bottom. All breaks shall be made so that the tobacco contained in the center of the package is visible to the sampler. Tobacco shall be drawn from at least three breaks from which a representative sample of not less than six hands shall be selected. The sample shall include tobacco of each different group, quality, color, length, and kind found in the lot in proportion to the quantities of each contained in the lot.

§ 29.3107 Rule 4.

The grade assigned to any lot of tobacco shall be a true representation of the tobacco at the time of inspection and certification. If, at any time, it is found that a lot of tobacco does not comply with the specifications of the grade previously assigned, it shall not thereafter be represented as such grade.

§ 29.3108 Rule 5.

A lot of tobacco on the marginal line between two colors shall be placed in the color with which it best corresponds with respect to body or other associated elements of quality.

§ 29.3109 Rule 6.

Any lot of tobacco which meets the specifications of two grades shall be placed in the higher grade. Any lot of tobacco on the marginal line between two grades shall be placed in the lower grade.

§ 29.3110 Rule 7.

A lot of tobacco meets the specifications of a grade when it is not lower in any degree of any element of quality than the minimum specifications of such

§ 29.3111 Rule 8.

In determining the grade of a lot of tobacco, the lot as a whole shall be considered. Minor irregularities which do not affect over one percent of the tobacco shall be overlooked.

§ 29.3112 Rule 9.

Any special factor symbol, approved by the Director of the Tobacco Division of the Agricultural Marketing Service, may be used after a grademark to show a peculiar side or characteristic of the tobacco which tends to modify the grade.

§ 29.3113 Rule 10.

Interpretations, the use of specifications, and the meaning of terms shall be in accordance with determinations or clarifications made by the Chief of the Standards Branch and approved by the Director.

§ 29.3114 Rule 11.

The use of any grade may be restricted by the Director during any marketing season, when it is found that the grade is not needed or appears in insufficient volume to justify its use.

§ 29.3115 Rule 12.

Any lot of leaf tobacco in which 20 percent or more of its leaves are under 16 inches in length shall be designated as Tips (T Group).

§ 29.3116 Rule 13.

Degrees of uniformity shall be expressed in terms of percentages. The percentages shall govern the portion of a lot which must meet the specifications of the grade. The minor portion must be closely related but may be of a different group, quality, and color from the major portion. These percentages shall not affect limitations established by other rules.

§ 29.3117 Rule 14.

The application of injury as an element of quality shall be expressed in terms of a percentage of tolerance. The appraisal of injury shall be based upon the percentage of affected leaf surface or the degree of injury. In appraising injury, consideration shall be given to the normal characteristics of the group as related to injury.

§ 29.3118 Rule 15.

Any lot of tobacco containing over 30 percent of variegated leaves shall be described as "variegated" and designated by the color symbol "K." Variegated leaves may be included in any group to the following extent: In the third quality, 10 percent; in the fourth quality, 20 percent; and in the fifth quality, 30 percent.

§ 29.3119 Rule 16.

Any lot of tobacco of B, C, or X groups which contains 30 percent or more of pink or pinkish leaves or contains 30 percent or more of a color distinctly different from the major color shall be classified as "mixed" and designated by the color symbol "M."

§ 29.3120 Rule 17.

Any lot of tobacco containing 20 percent or more of greenish leaves, or any lot which contains 20 percent of greenish and green leaves combined, shall be designated by the color symbol "V" in the C group and the combination color symbols "VF" or "VR" in the B and T groups.

§ 29.3121 Rule 18.

Any lot of tobacco containing 20 percent or more of green leaves, or any lot which is not crude but contains 20 percent or more of green and crude combined, shall be designated by the color symbol "G" in the X and C groups and the combination color symbols "GF" or "GR" in the B and T groups.

§ 29.3122 Rule 19.

Crude leaves shall not be included in any grade of any color except green, green tan, and green red. Any lot containing 20 percent or more of crude leaves shall be designated as Nonde-

§ 29.3123 Rule 20.

All standard grades must be clean.

§ 29.3124 Rule 21.

Tobacco damaged under 20 percent but which otherwise meets the specifications of a grade shall be treated as a subgrade by placing the special factor "U" after the grademark. Tobacco damaged 20 percent or more shall be designated as 'No-G."

§ 29.3125 Rule 22.

Sound tobacco that is wet or in doubtful-keeping order but which otherwise meets the specifications of a grade shall be treated as a subgrade by placing the special factor "W" after the grademark. This special factor does not apply to tobacco designated as "No-G."

§ 29.3126 Rule 23.

Tobacco shall be designated as No Grade, using the grademark "No-G," when it is dirty, nested, offtype, semicured, needs to be reworked, damaged 20 percent or more, contains foreign matter. or has an odor foreign to the type.

§ 29.3151 Flyings (X Group).

This group consists of leaves normally grown at the bottom of the stalk. These

leaves are flat and open-faced and have a blunt or oblate tip. Compared with other groups on the stalk, Flyings consist of relatively thin to tissuey leaves which show the highest degree of maturity and the most open leaf structure. Flyings show a material amount of injury characteristic of leaves grown near the ground. (See rule 14.)

Grades Grade Names and Specifications
XIL Choice Buff Flyings
Tissuey, mellow, open to porous,
even, clear finish, strong color intensity, 95 percent uniform, and 5 percent injury tolerance.

X2L Fine Bluff Flyings

Tissuey, mellow, open to porous, even, moderate finish and color intensity, 90 percent uniform, and 10 percent injury tolerance.

Good Buff Flyings

Tissuey, ripe to mellow, open to porous, wavy, dull finish, weak color intensity, 80 percent uniform, and 20 percent injury tolerance. Fair Buff Flyings

Tissuey, mature to ripe, open to porous, wrinkly to wavy, dingy finish, pale color intensity, 70 percent uniform, and 30 percent injury tolerance. X5L Low Buff Flyings

Tissuey, mature to ripe, open to porous, wrinkly, dingy finish, pale color intensity, 60 percent uniform, and 40 percept injury tolerance. Choice Tan Flyings

Thin, mellow, open to porous, even, clear finish, strong color intensity, 95 percent uniform, and 5 percent injury tolerance. Fine Tan Flyings

Thin, mellow, open to porous, even, moderate finish and color intensity, 90 percent uniform, and 10 percent injury tolerance. Good Tan Flyings

Thin, ripe to mellow, open to porous, wavy, dull finish, weak color intensity, 80 percent uniform, and 20 percent injury tolerance. Fair Tan Flyings

Thin, mature to ripe, open to porous, wrinkly to way, dingy finish, pale color intensity, 70 percent uniform, and 30 percent injury tolerance.

Low Tan Flyings

Thin, mature to ripe, open to porous, wrinkly, dingy finish, pale color intensity, 60 percent uniform, and 40 percent injury tolerance. Good Red Flyings

X3R

Medium body, ripe, firm to open, wavy, dull finish, weak color intensity, 80 percent uniform, and 20 percent injury tolerance.

X4R Fair Red Flyings

Medium body, mature to ripe, firm to open, wrinkly to wavy, dingy finish, pale color intensity, 70 percent unform, and 30 percent injury tolerance.

X5R Low Red Flyings
Medium body, mature to ripe, firm
to open, wrinkly, dingy finish, pale color intensity, 60 percent uniform, and 40 percent injury tolerance.

X4M Fair Mixed Color Flyings

Medium to tissuey body, mature to ripe, firm to porous, wrinkly to wavy, dinghy finish, pale color intensity, 70 percent uniform, and 30 percent injury tolerance.

X5M Low Mixed Color Flyings

Medium to tissuey body, mature to ripe, firm to porous, wrinkly, dinghy finish, pale color intensity, 60 percent uniform, and 40 percent injury tolerance.

U.S. Grade Names and Specifications Grades

X4G Fair Green Flyings

Medium to tissuey body, immature,
-firm, wrinkly to wavy, dingy finish, 70
percent uniform, and 30 percent injury

tolerance. X5G Low Green Flyings

Medium to tissuey body, immature, firm, wrinkly, dingy finish, 60 percent uniform, and 40 percent injury toler-

§ 29.3152 Lugs or Cutters (C Group).

This group consists of leaves normally grown at the midportion of the stalk. Cured leaves from this stalk position have a tendency to roll, concealing the stem or midrib. Lugs or Cutters have an oblate to rounded tip and are usually thin to medium in body. The leaves are spready in relation to their length and show little or no ground injury.

U.S.

C2L

Grades Grade Names and Specifications

Choice Buff Lugs C1L

Thin, ripe, open, smooth, bright finish, deep color intensity, broad, 20" or over in length, 95 percent uniform, and 5 percent injury tolerance.

Fine Buff Lugs. Thin, ripe, open, smooth, bright fin-ish, strong color intensity, spready, 20" or over in length, 90 percent uni-form, and 10 percent injury tolerance.

Good Buff Lugs

Thin, ripe, open, even, clear finish, moderate color intensity, normal width, 18" or over in length, 85 percent uniform, and 15 percent injury tolerance.

Fair Buff Lugs

Thin, mature to ripe, firm to open, wavy to even, mcderate finish, weak color intensity, narrow to normal width, 80 percent uniform, and 20 percent injury tolerance.

Low Buff Lugs

Thin, mature, firm to open, wavy, dull finish, pale color intensity, narrow, 70 percent uniform, and 30 per-cent injury tolerance.

Choice Tan Lugs
Medium to thin body, ripe, open, smooth, bright finish, deep color in-tensity, broad, 20" or over in length, 95 percent uniform, and 5 percent injury tolerance.

Fine Tan Lugs

Medium to thin body, ripe, open, smooth, bright finish, strong color intensity, spready, 20" or over in length, 90 percent uniform, and 10 percent injury tolerance.

C3F

Good Tan Lugs
Medium to thin body, ripe, open, even, clear finish, moderate color intensity, normal width, 18" or over in length, 85 percent uniform, and 15 percent injury tolerance.

C4F Fair Tan Lugs

Medium to thin body, mature to ripe, firm to open, wavy to even, moderate finish, weak color intensity, narrow to normal width, 80 percent uniform, and 20 percent injury tolerance.

C5F Low Tan Lugs

Medium to thin body, mature, firm to open, wavy, dull finish, pale color intensity, narrow, 70 percent uniform, and 30 percent injury tolerance.

C3R Good Red Lugs

Medium to thin body, ripe, open, even, clear finish, moderate color intensity, normal width, 18" or over in length, 85 percent uniform, and 15 percent injury tolerance.

U.S. Grades Grade Names and Specifications C4R

Fair Red Lugs Medium to thin body, mature to ripe, firm to open, wavy to even, moderate finish, weak color intensity, narrow to normal width, 80 percent uniform, and 20 percent injury tolerance.

Low Red Lugs

Medium to thin body, mature, firm to open, wavy, dull finish, pale color intensity, narrow, 70 percent uniform, and 30 percent injury tolerance.

Good Variegated Lugs

Medium body, ripe, open, even, normal width, 18" or over in length, 85 percent uniform, and 15 percent injury tolerance.

Fair Variegated Lugs

Medium body, mature to ripe, firm to open, wavy to even, narrow to normal width, 80 percent uniform, and 20 percent injury tolerance.

C5K Low Variegated Lugs
Medium body, mature, close to firm,
wavy, narrow, 70 percent uniform, and
30 percent injury tolerance.

Good Mixed Color Lugs

Medium to tissuey body, mature to ripe, firm to open, even, moderate fin-ish and color intensity, normal width, 18" or over in length, 85 percent uniform, and 15 percent injury tolerance. Fair Mixed Color Lugs

Medium to tissuey body, mature to ripe, firm to open, wavy to even, dull finish, weak color intensity, narrow to normal width, 80 percent uniform, and 20 percent injury tolerance.

Low Mixed Color Lugs

Medium to tissuey body, mature to ripe, firm to open, wavy, dingy finish, pale color intensity, narrow, 70 percent uniform, and 30 percent injury tolerance.

Good Greenish Lugs

Medium to thin body, underripe, open, even, clear finish, normal width, 18" or over in length, 85 percent uniform, and 15 percent injury tolerance. Fair Greenish Lugs

Medium to thin body, underripe, firm to open, wavy to even, moderate finish, narrow to normal width, 80 percent uniform, and 20 percent injury tolerance.

Low Greenish Lugs

Medium to thin body, underripe, firm to open, wavy, dull finish, narrow, 70 percent uniform, and 30 percent injury tolerance.

Fair Green Lugs

Medium body, immature, close to firm, wavy to even, moderate finish, narrow to normal width, 80 percent uniform, and 20 percent injury tolerance.

C5G Low Green Lugs

Medium body, immature, close to firm, wavy, dull finish, narrow, 70 percent uniform, and 30 percent injury tolerance.

§ 29.3153 Leaf (B Group).

This group consists of leaves normally grown above the midpoint of the stalk. Cured leaves from the upper stalk position have a tendency to fold, concealing the face of the leaf and exposing the stem or midrib. These leaves have a pointed tip and generally are medium to heavy in body. They are narrower in relation to their length than corresponding qualities of the C Group.

U.S.

Grade Names and Specifications Grades

B1F

Choice Tan Leaf
Medium body, ripe, open, smooth, clear finish, deep color intensity, spready, 20" or over in length, 95 per cent uniform, and 5 percent injury tolerance.

Fine Tan Leaf

Medium body, ripe, open, even, clear finish, strong color intensity, spready, 20" or over in length, 90 percent uniform, and 10 percent injury tolerance.

Good Tan Leaf

Medium body, mature to ripe, firm to open, wavy to even, moderate finish and color intensity, narrow to normal width, 18" or over in length, 85 percent uniform, and 15 percent injury tolerance.

B4F Fair Tan Leaf

Medium body, mature, firm, wavy, dull finish, weak color intensity, narrow, 16" or over in length, 80 percent uniform, and 20 percent injury tolerance.

Low Tan Leaf

Medium body, mature, firm, wrinkly, dingy finish, pale color intensity, stringy, 16" or over in length, 70 percent uniform, and 30 percent injury tolerance. Choice Tannish-red Leaf

B1FR

Fleshy to medium body, ripe, open, smooth, clear finish, deep color intensity, spready, 20" or over in length, 95 percent uniform, and 5 percent injury tolerance.

B2FR Fine Tannish-red Leaf

Fleshy to medium body, ripe, open, even, clear finish, strong color intensity, spready, 20" or over in length, 90 percent uniform, and 10 percent injury tolerance.

Good Tannish-red Leaf

Fleshy to medium body, mature to ripe, firm to open, wavy to even, moderate finish and color intensity, narrow to normal width, 18" or over in length, 85 percent uniform, and 15 percent injury tolerance.

Fair Tannish-red Leaf

Fleshy to medium body, mature, firm, wavy, dull finish, weak color intensity, narrow, 16" or over in length, 80 percent uniform, and 20 percent injury tolerance. Low Tannish-red Leaf

B5FR

Fleshy to medium body, mature, firm, wrinkly, dingy finish, pale color intensity, stringy, 16" or over in length, 70 percent uniform, and 30 percent injury tolerance.

Choice Red Leaf

Heavy to fleshy, ripe, firm to open, even, clear finish, deep color intensity, spready, 20" or over in length, 95 percent uniform, and 5 percent injury tolerance.

B2R Fine Red Leaf

Heavy to fleshy, ripe, firm to open, wavy, clear finish, strong color intensity, spready, 20" or over in length, 90 percent uniform, and 10 percent injury tolerance. Good Red Leaf

B3R

Heavy to fleshy, mature to ripe, firm, wrinkly to wavy, moderate finish and color intensity, narrow to normal width, 18" or over in length, 85 percent uniform, and 15 percent injury tolerance.

Fair Red Leaf

Heavy to fleshy, mature, close to firm, wrinkly, dull finish, weak color intensity, narrow, 16" or over in length, 80 percent uniform, and 20 percent injury tolerance.

Grade Names and Specifications Grades B5R Low red Leaf

Heavy to fleshy, mature, close, rough, dingy finish, pale color intensity, stringy, 16" or over in length, 70 percent uniform, and 30 percent injury tolerance.

B4D Fair Dark-red Leaf

Heavy to fleshy, mature, close, wrinkly, dull finish, weak color intensity, narrow, 16" or over in length, 80 percent uniform, and 20 percent injury tolerance.

B₅D Low Dark-red Leaf

Heavy to fleshy, underripe to mature, solid, rough, dingy finish, pale color intensity, stringy, 16" or over in length, 70 percent uniform, and 30 percent injury tolerance.

B3K

Good Variegated Leaf
Fleshy to medium body, mature
to ripe, firm to open, wrinkly to wavy,
narrow to normal width, 18" or over in length, 85 percent uniform, and 15 percent injury tolerance.

B4K Fair Variegated Leaf

Fleshy, mature, close to firm, wrinkly, narrow, 16" or over in length, 80 percent uniform, and 20 percent injury tolerance.

B5K

Low Variegated Leaf
Heavy to fleshy, underripe to mature, solid to close, rough, stringy, 16" or over in length, 70 percent uniform, and 30 percent injury toler-

Good Mixed Color Leaf E3M

Fleshy to medium body, mature to ripe, firm to open, wavy to even, moderate finish and color intensity, narrow to normal width, 18" or over in length, 85 percent uniform, and percent injury tolerance.

Fair Mixed Color Leaf B4M

Fleshy to medium body, mature to ripe, firm to open, wavy, dull finish, weak color-intensity, narrow, 16" or over in length, 80 percent uniform, and 20 percent injury tolerance.

B5MLow Mixed Color Leaf

Fleshy to medium body, underripe to mature, firm to open, wrinkly, dingy finish, pale color intensity, stringy, 16" or over in length, 70 percent uniform, and 30 percent injury tolerance,

B3VF Good Greenish-tan Leaf

Medium body, underripe, firm to open, wavy to even, moderate finish, narrow to normal width, 18" or over in length, 85 percent uniform, and 15 percent injury tolerance.

B4VF Fair Greenish-tan Leaf

Medium body, underripe, close to firm, wavy, dull finish, narrow, 16" or over in length, 80 percent uniform, and 20 percent injury tolerance. B5VF Low Greenish-tan Leaf

Medium body, underripe, close, wrinkly, dingy finish, stringy, 16" or over in length, 70 percent uniform, and 30 percent injury tolerance.

B3VR Good Greenish-red Leaf

Heavy to fleshy, underripe, firm, wrinkly to wavy, moderate finish, narrow to normal width, 18" or over in length, 85 percent uniform, and 15 percent injury tolerance.

B4VR Fair Greenish-red Leaf

Heavy to fleshy, underripe, close to firm, wrinkly, dull finish, narrow, 16" or over in length, 80 percent uniform, and 20 percent injury tolerance.

B5VR Low Greenish-red Leaf Heavy to fleshy, underripe, close, rough, dingy finish, stringy, 16" or over in length, 70 percent uniform, and 30 percent injury tolerance.

U.S. Grades Grade Names and Specifications Good Green-tan Leaf B3GF

Fleshy to medium body, immature, firm to open, wrinkly to wavy, moderate finish, narrow to normal width, 18" or over in length, 85 percent uniform, and 15 percent injury toler-

Fair Green-tan Leaf B4GF

Fleshy to medium body, immature, close to firm, wrinkly, dull finish, narrow, 16" or over in length, 80 percent uniform, and 20 percent injury tolerance.

B5GF Low Green-tan Leaf

Fleshy to medium body, immature, close, rough, dingy finish, stringy, 16" or over in length, 70 percent uniform, and 30 percent injury tolerance. B3GR Good Green-red Leaf

Heavy to fleshy, immature, close to firm, wrinkly to wavy, moderate finish, narrow to formal width, 18" or over in length, 85 percent uniform, and 15 percent injury tolerance.

B4GR Fair Green-red Leaf

Heavy to fleshy, immature, solid to close, wrinkly, dull finish, narrow width, 16" or over in length, 80 percent uniform, and 20 percent injury tolerance.

B5GR Low Green-red Leaf

Heavy to fleshy, immature, solid, rough, dingy finish, stringy, 16" or over in length, 70 percent uniform, and 30 percent injury tolerance.

§ 29.3154 Tips (T Group).

This group consists of leaves usually grown at the top of the stalk. These relatively narrow and sharp-pointed leaves have the general characteristics of B-Group tobacco. Tips have a slight-ly lower degree of maturity and leaf structure than other leaves on the stalk. (See rule 12.)

U.S.

Grade Names and Specifications **Grades**

Good Tan Tips

Medium body, mature to ripe, firm to open, wavy to even, moderate finish and color intensity, narrow to normal width, under 16" in length, 85 percent uniform, and 15 percent injury tolerance.

Fair Tan Tips

Medium body, mature, firm, wavy, dull finish, weak color intensity, narrow, under 16" in length, 80 percent uniform, and 20 percent injury tolerance.

Low Tan Tips

Medium body, mature, firm, wrinkly, dingy finish, pale color intensity, stringy, under 16" in length, 70 percent uniform, and 30 percent

Good Tannish-red Tips
Fleshy to medium body, mature to ripe, firm to open, wavy to even, moderate finish and color intensity, narrow to normal width, under 16" in length, 85 percent uniform, and 15 percent injury tolerance.

Fair Tannish-red Tips

Fleshy to medium body, mature, firm, wavy, dull finish, weak color intensity, narrow, under 16" in length, 80 percent uniform, and 20 percent injury tolerance.

Low Tannish-red Tips

Fleshy to medium body, mature, firm, wrinkly, dingy finish, pale color intensity, stringy, under 16" in length, 70 percent uniform, and 30 percent injury tolerance.

US. Grades

Grade Names and Specifications

Good Red Tips

Heavy to fieshy, mature to ripe, firm, wrinkly to wavy, moderate finish and color intensity, narrow to normal width, under 16" in length, 85 percent uniform, and 15 percent injury tolerance.

Fair Red Tips T4R

Heavy to fleshy, mature, close to firm, wrinkly, dull finish, weak color intensity, nerrow, under 16" in length, 80 percent uniform, and 20 percent injury tolerance.

Low Red Tips

Heavy to fleshy, mature, close, rough, dingy finish, pale color intensity, stringy, under 16" in length, 70 percent uniform, and 30 percent

rair Dark-red Tips
Heavy to fleshy, mature, close, wrinkly, dull finish, weak color intensity, narrow, under 16" in length, 80 percent uniform, and 20 percent injury tolerance.

Low Dark-red Tips
Heavy to fleshy, underripe to
mature, solid, rough, dingy finish,
pale color intensity, stringy, under
16" in length, 70 percent uniform, and 30 percent injury tolerance.

Fair Variegated Tips
Fleshy, mature, close to firm, wrinkly, narrow, under 16" in length, 80 percent uniform, and 20 percent

T5K

injury tolerance.

Low Variegated Tips

Heavy to fleshy, underripe to mature, solid to close, rough, stringy, under 16" in length, 70 percent uniform, and 30 percent injury tolerance. Fair Greenish-tan Tips T4VF

Medium body, underripe, close to firm, wavy, dull finish, narrow, under 16" in length, 80 percent uniform, and 20 percent injury tolerance.

T5VF Low Greenish-tan Tips Medium body, underripe, close, wrinkly, dingy finish, stringy, under 16" in length, 70 percent uniform,

and 30 percent injury tolerance.
Fair Greenish-red Tips
Heavy to fleshy, underripe, close to firm, wrinkly, dull finish, narrow, under 16" in length, 80 percent unitary tolerance and 20 percent unitary tolerance. form, and 20 percent injury tolerance.

T5VR Low Greenish-red Tips

Heavy to fleshy, underripe, close, rough, dingy finish, stringy, under 16" in length. 70 percent walls in length, 70 percent uniform, and 30 percent injury tolerance.

T4GF Fair Green-tan Tips

Fleshy to medium body, immature, close to firm, wrinkly, dull finish, narrow, under 16" in length, 80 percent uniform, and 20 percent injury tolerance.

T5GF Low Green-tan Tips

Fleshy to medium body, immature, close, rough, dingy finish, stringy, under 16" in length, 70 percent uniform, and 30 percent injury tolerance.

T4GR Fair Green-red Tips

Heavy to fleshy, immature, solid to close, wrinkly, dull finish, nar-row, under 16" in length, 80 percent uniform, and 20 percent injury tolerance.

T5GR Low Green-red Tips

Heavy to fleshy, immature, solid, rough, dingy finish, stringy, under 16" in length, 70 percent uniform, and 30 percent injury tolerance.

§ 29.3155 Mixed (M Group).

This group consists of tobacco of distinctly different groups which are mixed together in various combinations.

U.S.

Grade Names and Specifications Grades

Good Light Mixed Group M3F

General quality of X3, C3, B3, T3, or better, medium to tissuey body, light general color, under 20 percent greenish, and 15 percent injury tolerance.

M4F Fair Light Mixed Group

General quality of X4, C4, B4, T4, or better, medium to tissuey body, light general color, under 20 percent greenish, and 20 percent injury tolerance.

M5F Low Light Mixed Group

General quality of X5, C5, B5, T5, or better, medium to tissuey body, light general color, under 20 percent greenish, and 30 percent injury tolerance.

M3R Good Dark Mixed Group

General quality of X3, C3, B3, T3, or better, heavy to medium body, dark general color, under 20 percent green, and 15 percent injury tolerance.

Fair Dark Mixed Group

General quality of X4, C4, B4, T4, or better, heavy to medium body, dark general color, under 20 percent green, and 20 percent injury tolerance.

M5R Low Dark Mixed Group

General quality of X5, C5, B5, T5, or better, heavy to medium body, dark general color, under 20 percent green, and 30 percent injury tolerance.

§ 29.3156 Nondescript (N Group).

Extremely common tobacco which does not meet the minimum specifications or which exceeds the tolerance of the lowest grade of any other group.

U.S.

Grades Grade Names and Specifications N1L First Quality Light Colored Nondescript

Thin to tissuey body and 60 percent injury tolerance.

N1F First Quality Medium Colored Nondescript

Fleshy to medium body and 60 percent injury tolerance.

First Quality Dark Colored Nondescript

Heavy to fleshy body and 60 percent injury tolerance.

U.S.

Grades Grade Names and Specifications N1G First Quality Crude Green Nondescript 60 percent crudes leaves or injury tolerance.

Second Quality Light to Medium Col-N2L ored Nondescript

Medium to tissuey body and over 60 percent injury tolerance. N2R

Second Quality Medium to Dark Colored Nondescript
Heavy to medium body and over 60

percent injury tolerance. Second Quality Crude Green Nondescript

Over 60 percent crude leaves or injury.

§ 29.3157 Scrap (S Group).

A by-product of unstemmed and stemmed tobacco. Scrap accumulates from handling tobacco in farm buildings, warehouses, packing and conditioning plants, and stemmeries.

TLS.

X3L

B4FR

Grade Grade Name and Specifications s Scrap

Loose, tangled, whole, or broken unstemmed leaves, or web portions of tobacco leaves reduced to scrap by any process.

SUMMARY OF STANDARD GRADES

§ 29.3181 Summary of standard grades. , 17 Grades of Flyings

X5R

X4M

X5M

X4G

X5G

 x_{1L} XIE X3R X4R X2F X2L

X3F

X4F

X5F

B3K

	24 Grades o	f Lugs or (Cutters'
C1L	C2F	C5R	C5M
C2L	C3F	C3K	C3A
C3L	C4F	C4K	C4V
C4L	C5F	C5K'	C5V
C5L	C3R	C3M	C4G
C1F	C4R	C4M	C5G
	35 Gr	ides of Lea	f
B1F	B5FR	B4K	B4VR
B2F	B1R	B5K	$_{ m B5VR}$
B3F	B2R	B3M	B3GF
B4F	$_{ m B3R}$	B4M	B4GF
B5F	B4R	B5M	B5GF
BIFR	B5R	B3VF	B3GR
B2FR	B4D	B4VF	E4GR
B3FR	B5D -	B5VF	B5GR

21 Grades of Tips

T3F	T3R -	T5K	T5GF
T4F	T4R	T4VF	T4GR
T5F	T5R	T5VF	T5GR
T3FR	T4D	T4VR	-
T4FR	T5D	T5VR	
T5FR	T4K	T4GF	
	6 Grades o	Mixed G	roup
M3F	M5F	M4R	
M4F	M3R	M5R	
,	7 Grades o	f Nondesc	ript

1 Grade of Scrap

N2R

N1G

N2G

s

Special factors "U" and "W" may be applied to all grades. Tobacco not covered by the standard grades is designated by No.-G.

KEY TO STANDARD GRADEMARKS

§ 29.3182 Key to standard grademarks.

Groups X-Flyings. C—Lugs or Cutters. B-Leaf. -Tips. M-Mixed. N-Nondescript. -Scrap. Qualities

NIF

NIR

·Choice. 2-Fine.
3-Good.

-Fair.

-Low.

NIL

N2L

Colors

-Buff. F—Tan. FR-Tannish red.

R—Red.

-Dark red. K-Variegated. M-Mixed.

V-Greenish.

VF—Greenish tan. VR--Greenish red.

G-Green.

GF-Green tan. GR-Green red.

(49 Stat. 734; 7 U.S.C. 511m)

Done at Washington, D.C., this 23d day of September 1959.

> ROY W. LENNARTSON. Deputy Administrator. Agricultural Marketing Service.

[F.R. Doc. 59-8059; Filed, Sept. 25, 1959; 8:48 a.m.]

NOTICES

B3VR

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service BAKERSFIELD LIVESTOCK AUCTION CO. ET AL.

Proposed Posting of Stockyards

The Director of the Livestock Division, Agricultural Marketing Service, United States Department of Agriculture, has information that the livestock markets named below are stockyards as defined in section 302 of the Packers and Stockyards Act, 1921, as amended (7 U.S.C.

202), and should be made subject to the provisions of the act.

Bakersfield Livestock Auction Co., Bakersfield, Calif.

Camden Sales Yard, Laton, Calif. Chowchilla Livestock Auction Chowchilla, Calif. Yards.

Gridley Auction & Sales Yard, Gridley,

Napa Livestock Auction, Napa, Calif. Rebik Auction Yard, Brawley, Calif. Shasta County Farm Bureau Livestock Marketing Association, Anderson, Calif.

Overland Stockyards, Hanford, Calif. Williams Auction Yard, Williams, Calif. Kahn's Stockyard, North Franklin, Conn. Council Livestock Sale, Council, Idaho.

Arthur Auction Co., Arthur, III. Clinton Livestock Sale, Clinton, Ill.
Illinois Auction Commission Co., Paris,

Pittsfield Community Sale, Pittsfield, Ill. Tallula Cattle Co., Tallula, Ill. Central Maine Livestock Auction, Ran-

dolph, Maine. Hammond Livestock Sales, Exeter, Maine.

Friend Stockyard, Accident, Md. The Caroline Sales Company, Denton, Md.

Michelson's Cattle, South Easton, Mass. Northampton Cooperative Auction Assn., Inc., Northampton, Mass.

Trufant Livestock Sales, Trufant, Mich. Conger Sales, Conger, Minn. Fairmont Livestock Sales, Fairmont, Minn. delegated under the Packers and Stock-

Farmers Livestock Exchange, Caledonia, Minn.

Jackson Livestock Exchange, Jackson,

Lanesboro Sales Commission, Lanesboro, Minn. Mankato Livestock Commission Co., Man-

kato, Minn.

Menahga Sale Pavilion, Menahga, Minn. South West Minnesota Sales Pavilion, Worthington, Minn.

Windom Sales Co., Windom, Minn.

Burlington County Cooperative Poultry Auction Assn., Inc., Mt. Holly, N.J.

Community Livestock Auction Co., Woodstown, N.J. Harris Sales Corp., Woodstown, N.J.

Henry Zlotkin Sales, Freehold, N.J.

Jaeger Livestock Auction Market, Sussex,

N.J.

Tallman Bros. Auction, Inc., Columbus, N.J. Ponca Livestock Auction, Ponca City, Okla.

La Grande Livestock Commission Co., La Grande, Oreg.

Exton Livestock Auction, Inc., Exton, Pa. Indiana Livestock Market, Inc., Homer City, Pa.

West Alexander Livestock Auction Market, West Alexander, Pa.

Kerens Livestock Commission Co., Kerens, Tex.

San Augustine Livestock Commission Co., San Augustine, Tex.

Smithville Livestock Commission Co., Smithville, Tex.

Wharton Livestock Commission Co., Wharton, Tex:

Addison County Commission Sale, East Middlebury, Vt.

Brooks Sales Stables, Bellows Falls, Vt. Chickering Livestock Corp., Westminster,

Vt. Crosby's Livestock Commission Sale,

Leicester Junction, Vt.
Hicks Commission Sales & Co., Morrisville,

Orleans Commission Sales, Orleans, Vt. St. Albans Commission Sales, St. Albans, Vt.

Vergennes Livestock Commission, Sales, Vergennes, Vt.

Alderson Livestock Market, Inc., Alderson, W. Va.

Bluegrass Market, Inc., Caldwell, W. Va. Blue Ridge Livestock Sales, Inc., Charles

Town, W. Va. Bridgeport Live Stock Sales Co., Inc., Bridgeport, W. Va.

Buckhannon Stockyards, Buckhannon,

W. Va. Evans Stockyard, Inc., Elkins, W. Va.

Gassaway Livestock Market, Inc., Gassaway, W. Va.

Greenbrier Valley Stockyards, Inc., Ronceverte, W. Va.

Jackson County Livestock Market, Inc., Ripley, W. Va.

Morgantown Livestock Market, Inc., Morgantown, W. Va.

Mannington Live Stock Sales Co., Inc.,

Mannington, W. Va. Moundsville Livestock Auction Co.,

Moundsville, W. Va. Pocahontas Producers Coop. Assn., Inc., Marlinton, W. Va.

Point Pleasant Livestock Co., Inc., Point

Pleasant, W. Va. Ritchie County Livestock Sales Co., Inc., Lamberton, W. Va.

South Branch Stockyards, Inc., Moorefield, W. Va.

Terra Alta Stockyard, Inc., Terra Alta, W. Va.

Union Livestock Sales Co., Inc., Parkers-

burg, W. Va. Huntington Live Stock Sales Co., Huntington, W. Va.

Notice is hereby given, therefore, that

the said Director, pursuant to authority

yards Act, 1921, as amended (7 U.S.C. 181 et seq.), proposes to issue a rule designating the stockyards named above as posted stockyards subject to the provisions of the act, as provided in section 302 thereof.

Any person who wishes to submit written data, views, or arguments concerning the proposed rule may do so by filing them with the Director, Livestock Division, Agricultural Marketing Service. United States Department of Agriculture, Washington 25, D.C., within 15 days after publication hereof in the FEDERAL REGISTER.

Done at Washington, D.C., this 22d day of September 1959.

> DAVID M. PETTUS, Director, Livestock Division, Agricultural Marketing Service.

[F.R. Doc. 59-8056; Filed, Sept. 25, 1959; 8:47 a.m.]

Office of the Secretary NORTH DAKŌTA

Designation of Area for Production Emergency Loans

For the purpose of making production emergency loans pursuant to section 2(a) of Public Law 38, 81st Congress (12 U.S.C. 1148a-2(a)), as amended, it has been determined that in the following counties in the State of North Dakota a production disaster has caused a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, or other responsible sources.

NORTH DAKOTA

Adams.	McLean.
Benson.	Mercer.
Burleigh.	Morton.
Dickey.	Oliver.
Emmons.	Pierce.
Grant.	Sheridan.
Hettinger.	Sioux.
Kidder.	Wells.
McHenry	

Pursuant to the authority set forth above, production emergency loans will not be made in the above-named counties after June 30, 1960, except to applicants who previously received such assistance and who can qualify under established policies and procedures.

Done at Washington, D.C., this 23d day of September 1959.

> E. L. PETERSON, Acting Secretary.

[F.R. Doc. 59-8060; Filed, Sept. 25, 1959; 8:48 a.m.]

ATOMIC ENERGY COMMISSION

[Docket No. 50-139]

UNIVERSITY OF WASHINGTON

Notice of Proposed Issuance of Construction Permit

Please take notice that the Atomic Energy Commission proposes to issue to

the University of Washington, Seattle, Washington, a construction permit substantially as set forth below unless within fifteen (15) days after the filing of this notice with the Office of the Federal Register a request for a formal hearing is filed with the Commission as provided by the Commission's rules of practice (10 CFR Part 2). For further details see (1) the application submitted by the University of Washington and amendment thereto, and (2) a hazards analysis prepared by the Hazards Evaluation Branch, Division of Licensing and Regulation, both on file at the Commission's Public Document Room, 1717 H Street NW., Washington, D.C. A copy of item (2) above may be obtained at the Commission's Public Document Room or upon request addressed to the Atomic Energy Commission, Washington 25, D.C., Attention: Director, Division of Licensing and Regulation.

Dated at Germantown, Md., this 21st day of September 1959.

For the Atomic Energy Commission.

H. L. PRICE, Director, Division of Licensing and Regulation.

PROPOSED CONSTRUCTION PERMIT

1. By application dated June 1, 1959, and amendment thereto dated July 16, 1959 (hereinafter collectively referred to as "the application"), the University of Washington requested a Class 104 license, defined in \$50.21 of Part 50, "Licensing of Production and Utilization Facilities", Title 10, Chapter 1, CFR, authorizing construction and operation on its site in Seattle, Washington, of a 10 kilowatt Argonaut-type nuclear reactor (hereinafter referred to as "the reactor")

2. The Atomic Energy Commission (here-inafter referred to as "the Commission") finds that:

A. The reactor will be a utilization facility as defined in the Commission's regula-tions contained in Title 10, Chapter 1, CFR, Part 50, "Licensing of Production and Utilization Facilities".

B. The reactor will be used in the conduct of research and development activities of the types specified in section 31 of the Atomic Energy Act of 1954, as amended (hereinafter referred to as "the Act").

C. The University of Washington is financially qualified to construct and operate the reactor in accordance with the regulations contained in Title 10, Chapter 1, CFR, to assume financial responsibility for the payment of Commission charges for special nuclear material, and to undertake and carry out the proposed use of such material for a reasonable period of time.

D. The University of Washington and its contractor, American Machine and Foundry Company, Atomics Division, are technically qualified to design and construct the reactor.

E. The University of Washington has submitted sufficient information to provide reasonable assurance that a reactor of the general type proposed can be constructed and operated at the proposed location without undue risk to the health and safety of the public and that additional information required to complete its application will be supplied.

F. The issuance of a construction permit to the University of Washington will not be inimical to the common defense and security or to the health and safety of the public.

3. Pursuant to the Act and Title 10, CFR, Chapter 1, Part 50, "Licensing of Production and Utilization Facilities", the Commission

No. 189----7

hereby issues a construction permit to the University of Washington to construct the reactor in accordance with the application. This permit shall be deemed to contain and be subject to the conditions specified in §§ 50.54 and 50.55 of said regulations; is subject to all applicable provisions of the Act and rules, regulations and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified below:

A. The earliest completion date of the reactor is January 1, 1960. The latest date for completion of the reactor is September 1, 1960. The term "completion date" as used herein, means the date on which construction of the reactor is completed except for the introduction of the fuel material.

B. The reactor shall be constructed and located at the site on the applicant's campus in Seattle, Washington, specified in the ap-

plication.

C. The general type of reactor authorized for construction is a heterogeneous water-moderated and -cooled, graphite-reflected, training reactor of the Argonaut type.

D. This permit is provisional to the extent that a license authorizing operation of the reactor will not be issued by the Commission unless the University of Washington has submitted to the Commission (by amendment of the application) additional data required to complete the hazards evaluation and the Commission has found that the final design provides reasonable assurance that the health and safety of the public will not be endangered by operation of the reactor in accordance with the specified procedures.

4. Upon completion (as defined in subparagraph 3.A. above) of the construction of the reactor in accordance with the terms and conditions of this permit, upon the filing of the additional information needed to bring the original application up to date, and upon finding that the reactor authorized has been constructed and will operate in conformity with the application, as amended, and in conformity with the provisions of the Act and of the rules and regulations of the Commission, and in the absence of any good cause being shown to the Commission why the granting of a license would not be in accordance with the provisions of the Act, the Commission will issue a Class 104 license to the University of Washington pursuant to Section 104c of the Act, which license shall expire ten years after the date of this construction permit.

5. Pursuant to § 50.60 of the regulations in Title 10, Chapter 1, CFR, Part 50, the Commission has allocated to the University of Washington for use in connection with the facility four kilograms of uranium-235 contained in highly enriched uranium and 32 grams of plutonium contained in a plutonium-beryllium neutron source.

For the Atomic Energy Commission.

[F.R. Doc. 59-8041; Filed, Sept. 25, 1959; 8:45 a.m.]

DEPARTMENT OF THE INTERIOR

Bureau of Mines

[Supplement-Release 3]

SALT LAKE CITY METALLURGY RE-SEARCH CENTER; BUREAU OF MINES MANUAL INSTRUCTIONS

Redelegations of Authority To Execute Contracts

Correction

In F.R. Doc. 59-6872, appearing at page 6721 in the issue for Wednesday, August

19, 1959, the third entry following paragraph (k), reading "Project Coordinator, Rapid City Research Laboratory," should read "Project Coordinator, Tucson Metallurgy Research Laboratory."

Office of the Secretary ALABAMA

Notice of Intention to Designate as Closed Area Under Migratory Bird Treaty Act Certain Lands and Waters Adjacent to Wheeler National Wildlife Refuge

Pursuant to section 4(a) of the Administrative Procedure Act, approved June 11, 1946 (60 Stat. 238, 5 U.S.C. 1003), and the authority contained in section 3 of the Migratory Bird Treaty Act of July 3, 1918 (40 Stat. 755, 16 U.S.C. 704), as amended, notice is hereby given that the Secretary of the Interior intends to issue a regulation designating as a closed area in which the pursuing, hunting, taking, capture or killing of migratory birds or attempting to take, capture, or kill migratory birds will not be permitted, certain lands and waters in sections 22, 26, 27, 34, and 35, T. 5 S., R. 4 W., on the west shore of Flint Creek Embayment in Morgan County, Alabama, lying adjacent to the Wheeler National Wildlife Refuge, and more particularly described as follows:

Beginning at US-TVA Monument 183 at the northwest corner of the NE1/4 NW1/4, section 34, and in the boundary of the United States of America's land. From the initial point with the United States of America's boundary line and between sections 27 and 34, S. 89°05' E., 1,333 feet to US-TVA Monument 184, buried, at the southwest corner of the SE1/4, section 27; thence in section 27, N. 0°45' E., 1,326 feet to US-TVA Monument 69 at the northwest corner of the SW1/4SE1/4; S.-89°05' E., 667 feet to US-TVA Monument 68 at the northeast corner of the NW1/4SW1/4 SE14; N. 0°50' E., 1,322 feet to US-TVA Monument 67 at the northwest corner of the NE¼NW¼SE¼; N. 88°55' W., 667 feet to US-TVA Monument 66 at the southwest corner of the NE¼; N. 0°45' E., 660 feet to US-TVA Monument 65 at the northwest corner of the SW¼SW¼NE½; N. 88°50' W., 667 feet to US-TVA Monument 64 at the southwest corner of the NE¼SE¼NW¼; N. 0°45′ E., 1,322 feet to US-TVA Monument 63 at the northwest corner of the SE¼NE¼NW¼; leaving the United States of America's boundary line, with the north line of the SE'4NE'4NW'4 S. 88°45' E., 227 feet, passing a metal marker at 207 feet, to a point in the 556.3-foot contour on the southwest shore of and embayment of Wheeler Lake; continuing with the north line of the SE¼NE¼NW¼ S. 88°45′ E., 173 feet; N. 0°45′ E., approximately 3,120 feet to a point in the centerline of the original channel of the Tennessee River; with the centerline of the original channel of the Tennessee River as it meanders in a southeasterly direction approximately one mile to a point opposite the mouth of the original channel of Flint Creek; with the centerline of the original channel of Flint Creek as it meanders in a general southwesterly direction approximately 2% miles; leaving the centerline of the original channel of Flint Creek, N. 0°45' W., approximately 2,600 feet to the point of beginning.

The above-described land contains an aggregate of 925.00 acres, more or less.

All interested persons are hereby afforded an opportunity to participate in the formulation of the proposed regulation by submitting their views, data, or arguments in writing to D. H. Janzen, experiments in Wildlife, Washington 25, D.C., within 30 days of the date of publication of this notice in the Federal Register.

Elmer F. Bennett, Acting Secretary of the Interior.

SEPTEMBER 21, 1959.

[F.R. Doc. 59-8050; Filed, Sept. 25, 1959; 8:47 a.m.]

DEPARTMENT OF COMMERCE

Federal Maritime Board
[Docket No. 870]

PACIFIC .COAST EUROPEAN CON-FERENCE; EXCLUSIVE PATRONAGE CONTRACTS

Investigation and Hearing

On September 17, 1959, the Federal Maritime Board entered the following order:

Whereas, the Federal Maritime Board, on June 8, 1956, entered a Report and Order in Docket No. 764, Mitsui Steamship Company, Ltd., v. Anglo-Canadian Shipping Co., Ltd., et al. (the Pacific Coast European Conference), and in Docket No. 773, American Potash & Chemical Corp. et al. v. American President Lines, Ltd., et al. (the Pacific Coast European Conference), 5 F.M.B. 74; and

Whereas, the Anglo-Canadian Shipping Company, Ltd., et al. (the Pacific Coast European Conference) petitioned the United States Court of Appeals for the Ninth Circuit for review of the said Report and Order in Docket No. 764; and

Whereas, pursuant to its review of the said Report and Order in Docket No. 764, the United States Court of Appeals for the Ninth Circuit, in Anglo-Canadian Shipping Company, Ltd., et al. v. United States of America and Federal Maritime Board (264 F. 2d 405, February 18, 1959), set aside the said Report and Order and remanded the proceedings to the Federal Maritime Board for such further action of the Board as shall not be inconsistent with the opinion of the Court;

It is ordered, That proceedings be, and they hereby are, inaugurated pursuant to the order of the United States Court of Appeals for the Ninth Circuit; and

It is further ordered, That the purpose of these proceedings shall be:

(1) To determine what construction of its shipper exclusive patronage agreement or agreements has been made and/or enforced by the Pacific Coast European Conference with respect to the applicability of such agreement or agreements to shipments of goods sold on FOB, FAS, CIF, C&F, and other terms;

(2) To determine whether such construction is an agreement, understanding, or other arrangement, or modification or cancellation thereof, as to which approval under section 15, Shipping Act, 1916, is required before it may lawfully be carried out;

(3) If (2) is determined in the affirmative, to determine whether such agreement, understanding, or other arrangement, or modification or cancellation thereof, has been carried out without Board approval:

(4) To determine whether such construction as made and/or enforced by the Pacific Coast European Conference is unjustly discriminatory or unfair as between carriers, shippers, exporters, importers or ports, or between exporters from the United States and their foreign competitors, or operates to the detriment of the commerce of the United States, or is in violation of the Shipping Act, 1916; and

(5) to determine whether the Pacific Coast European Conference or any of its members have violated section 14, Third, or section 16, First, by reason of their practices with respect to the application of the Conference's shipper exclusive patronage agreement to shipments of goods sold by signatory shippers under terms whereby the control over the routing of the goods is vested in a person other than the signatory shipper;

It is further ordered, That this proceeding be assigned for hearing before an Examiner of the Hearing Examiners' Office at a date and place to be fixed;

and

It is further ordered, That the persons named in the Appendix hereto be, and they are hereby, made respondents; and

It is further ordered, That this order be published in the FEDERAL REGISTER, and that a copy of such order be served upon each of the respondents.

APPENDIX A

American President Lines, Ltd. (American President Lines).

Anglo Canadian Shipping Co., Ltd.

Blue Star Line, Ltd. (Blue Star Line). Canadian Transport Co., Ltd.

Transatlantique Compagnie Generale (French Line).

De Vries Pazifik Linie (Schiffahrtsgesel-

schaft De Vries & Co., m.b.h.).
The East Asiatic Company, Ltd. (A/S Det Ostasiatiske Kompagni (East Asiatic Line).

Fruit Express Line A/S (Fruit Express Line). Furness, Withy & Co., Ltd. (Furness Line).

Hamburg-Amerika Linie (Hamburg American Line)

(Hanseatic-Vaasa Line)—Joint Service (as one member only) of Hanseatische Reederei Emil Offen & Co., Vaasan Laiva Oy.

"Italia" Societa Per Azioni di Navigazione

(Italian Line). Italnavi Societa di Navigazione per Azioni

(Italnavi Line). (Knutsen Line)-Joint Service (as one member only) of Dampskibsaktieselskapet Jeanette Skinner, Skibsaktieselskapet Pa-cific, Skibsaktieselskapet Marie Bakke, Gate, Dampskibsaktieselskapet Golden Gate, Dampskibsaktieselskapet Lisbeth, Skibsak-Dampskibsaktieselskapet Golden tieselskapet Ogeka, Hvalfangstaktieselskapet

Suderoy. Mitsui Steamship Co., Ltd., (Mitsui Line). Nippon Yusen Kaisha (N.Y.K. Line). (North German Lloyd Norddeutscher

Lloyd).

N.V. Nederlandsch-Amerikaansche Stoomvaart-Maatschappij (Holland-America Line). Osaka Shosen Kaisha, Ltd. (O.S.K. Line). Fred. Olsen & Co. (Fred. Olsen Line)

Rederlaktiebolaget Nordstjernan (Johnnson Line).

Royal Mail Lines, Ltd.

Seaboard Shipping Company, Ltd. (States Marine Lines)—Joint Service (as one member only) of States Marine Corporation, States Marine Corporation of Del. Westfal-Larsen & Co. A/S (Interocean

Western Canada Steamship Company, Limited.

Pursuant to the above order, notice is hereby given that the hearing herein ordered will be held before an examiner

the Board's Hearing Examiners' Office at a date and place to be determined and announced by the Chief Examiner. The hearing will be conducted in accordance with the Board's rules of practice and procedure, and a recommended decision will be issued by the examiner.

All persons (including individuals, corporations, associations, firms, partnerships, and public bodies), having an interest in this proceeding and desiring to intervene therein, should notify the Secretary of the Board promptly and file petitions for leave to intervene in accordance with Rule 5(n) (46 CFR 201.74) of said rules.

Dated: September 18, 1959.

By order of the Federal Maritime Board.

> JAMES L. PIMPER, Secretary.

[F.R. Doc. 59-7940; Filed, Sept. 25, 1959; 8:45 a.m.]

CIVIL AERONAUTICS BOARD

[Docket No. 9812]

TRANS-CARIBBEAN AIRWAYS, INC. Notice of Prehearing Conference

In the matter of the application of Trans-Caribbean Airways, Inc., to carry mail on a non-subsidy basis between Puerto Rico and New York.

Notice is hereby given that a prehearing conference in the above-entitled matter is assigned to be held on October 2, 1959, at 10:00 a.m., e.d.s.t., in Room 911, Universal Building, Connecticut and Florida Avenues NW., Washington, D.C., before Examiner Barron Fredricks.

Dated at Washington, D.C., September 23, 1959.

[SEAL]

FRANCIS W. BROWN, Chief Examiner.

[F.R. Doc. 59-8068; Filed, Sept. 25, 1959; 8:49 a.m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket Nos. 13197, 13198; FCC 59M-1216]

LAWRENCE W. FELT AND INTER-NATIONAL GOOD MUSIC, INC.

Order Scheduling Hearing

In re applications of Lawrence W. Felt, Carlsbad, California, Docket No. 13197, File No. BPH-2499; International

Good Music, Inc., San Diego, California, Docket No. 13198, File No. BPH-2695; for construction permits.

It is ordered, This 18th day of September 1959, that Herbert Sharfman will preside at the hearing in the above-entitled proceeding which is hereby scheduled to commence on December 7, 1959, in Washington, D.C.

Released: September 22, 1959.

FEDERAL COMMUNICATIONS COMMISSION.

[SEAL]

MARY JANE MORRIS, Secretary.

[F.R. Doc. 59-8061; Filed, Sept. 25, 1959; 8:48 a.m.]

[Docket Nos. 12900, 12901; FCC 59M-1218]

JOHN LAURINO AND CAPITAL BROADCASTING CO. (WNAV)

Order Scheduling Hearing

In re applications of John Laurino, Ashland, Virginia, Docket No. 12900, File No. BP-12112; The Capital Broadcasting Company (WNAV), Annapolis, Maryland, Docket No. 12901, File No. BP-12773; for construction permits for standard broadcast stations.

The Hearing Examiner having under consideration an informal request that the evidentiary hearing in this proceeding be scheduled for September 25, 1959;

and

It appearing that the exhibits to be introduced in evidence have been exchanged with all parties and that the date of September 25, 1959, is agreeable to all parties;

It is ordered, This the 21st day of September 1959, that the evidentiary hearing in the above-entitled proceeding will be held on Friday, September 25, 1959, beginning at 10:00 a.m. in the offices of the Commission, Washington,

Released: September 22, 1959.

FEDERAL COMMUNICATIONS COMMISSION,

[SEAL]

MARY JANE MORRIS, Secretary.

[F.R. Doc. 59-8062; Filed, Sept. 25, 1959; 8:48 a.m.1

[Docket No. 13196; FCC 59M-1213]

FRANCIS L. MacPHERSON, INC. Order Scheduling Hearing

In the matter of Francis L. MacPherson, Inc., 45 Commercial Street, Gloucester, Massachusetts, Docket No. 13196; order to show cause why there should not be revoked the license for Radio Station WA-6678 aboard the vessel "Francis L. MacPherson."

It is ordered, This 18th day of September 1959, that Jay A. Kyle will preside at the hearing in the above-entitled proceeding which is hereby scheduled to

Released: September 22, 1959.

FEDERAL COMMUNICATIONS COMMISSION,

[SEAL]

MARY JANE MORRIS, Secretary.

[F.R. Doc. 59-8063; Filed, Sept. 25, 1959; 8:48 a.m.]

[Docket No. 12949; FCC 59M-1215] °

SOUTH MINNEAPOLIS **BROADCASTERS**

Order Continuing Hearing

In re application of Charles Niles and Marie Niles, d/b as South Minneapolis Broadcasters, Bloomington, Minnesota, Docket No. 12949, File No. BP-11632; for construction permit for a new standard broadcast station.

It is ordered, This 18th day of September 1959, that pursuant to agreement of parties arrived at during the prehearing conference held on this date, the hearing in the above-entitled proceeding, presently scheduled to commence on October 9, 1959, is continued to December 9, 1959, at 10 o'clock a.m., in Washington, D.C.

FEDERAL COMMUNICATIONS COMMISSION,

[SEAL] MARY JANE MORRIS, Secretary.

[F.R. Doc. 59-8064; Filed, Sept. 25, 1939; 8:48 a.m.)

[Docket No. 13199]

FANCY HANDBAGS & MODERN LEATHER MFG. CO.

Order Assigning Matter for Public Hearing

In the matter of cease and desist order to be directed to Jerome Stein and Harry Stein, d/b/a Fancy Handbags & Modern Leather Mfg. Co., 33 Bleecker Street, New York 12, New York.

The Commission having under consideration the issuance of an order pursuant to section 312 (b) and (c) of the Communications Act of 1934, as amended (47 U.S.C. 312), and section 0.41(f) of the rules of the Federal Communications Commission, to Jerome Stein and Harry Stein d/b/a Fancy Handbags and Modern Leather Mfg. Co., 33 Bleecker Street. New York 12, N.Y., hereinafter referred to as Fancy Handbags, (1) to cease and desist from operating industrial heating equipment without a proper license or certificate as required by Part 18 of the rules of this Commission; and (2), irrespective of whether such equipment is certified, to cease and desist from operating said industrial heating equipment so as to cause harmful interference to authorized radio communications; and

It appearing that Fancy Handbags operates in its plant at 33 Bleecker

commence on November 20, 1959, in Street, New York 12, N.Y., certain in-Washington, D.C. dustrial heating equipment which utilizes a radio frequency generator or generators and transmits radio frequency energy on frequencies authorized for use by the New York City Police Department, and

It further appearing that said industrial heating equipment is subject to the provisions of Part 18 of the Commission's

rules (47 CFR Part 18); and `It further appearing that the aforementioned industrial heating equipment causes interference to radio communications of the New York City Police Department, and is potentially a source of interference to air navigation radio aids of the Federal Aviation Agency; and

It further appearing that although certain equipment in Fancy Handbag's plant was certified in 1953 additional equipment has since been installed and has not been certified by a duly qualified engineer as required by § 18.103 of the Commission's rules, nor has the equipment been licensed pursuant to \$18.3 and Subpart D of the Commission's rules: and

It further appearing that the above facts have been called to the attention of Fancy Handbags by the Commission, both orally and in writing, and that Fancy Handbags has been afforded an opportunity to demonstrate or achieve compliance with all lawful requirements but such demonstration has not been made and such compliance has not been accomplished.

It is ordered, This 2d day of September 1959, pursuant to section 312 (b) and (c) of the Communications Act of 1934, as amended (47 U.S.C. 312) and section 0.41(f) of the rules of the Federal Communications Commission that Jerome Stein and Harry Stein d/b/a Fancy Handbags and Modern Leather Mfg. Co. show cause why there should not be issued an order commanding them to cease and desist from operating industrial heating equipment in violation of the provisions of Part 18 of the Commission's rules. That is: The said Jerome Stein and Harry Stein d/b/a Fancy Handbags and Modern Leather Mfg. Co., their agents, employees, privies, assigns, successors in interest, or other parties acting in concert with them (1) shall cease and desist from operating industrial heating equipment without a proper license or certificate as required by Part 18 of the rules of this Commission; and (2), irrespective of whether such equipment is certified, shall cease and desist from operating said industrial equipment so as to cause harmful interference to authorized radio communications; and

It is further ordered, That a hearing in this matter be held in New York, N.Y., on October 29, 1959 at 10 a.m. before a Commission hearing examiner to be designated by subsequent order to determine whether said cease and desist order should be issued, and that Fancy Handbags is herewith called upon to appear at this hearing and give evidence upon the matters specified herein; and

It is further ordered, Pursuant to § 1.62 of the rules, that Fancy Handbags is directed to file with the Commission within

30 days of receipt of this order a written appearance in triplicate, stating that Fancy Handbags will appear and present evidence on the matters specified in this order. If Fancy Handbags does not desire to avail itself of its opportunity to appear before the Commission and give evidence on the matters specified herein, it shall, within 30 days of receipt of this order, file with the Commission, in triplicate, a written waiver of hearing. Such waiver may be accompanied by a statement of the reasons why Fancy Handbags believes that a cease and desist

order should not issue; and
It is further ordered, That failure of
said Fancy Handbags timely to respond to this order or its failure to appear at the hearing designated herein will be deemed a waiver of hearing.

Released: September 23, 1959.

FEDERAL COMMUNICATIONS COMMISSION,

[SEAL] MARY JANE MORRIS. Secretary.

[F.R. Doc. 59-8065; Filed, Sept. 25, 1959; 8:49 a.m.]

[Docket No. 12952, 12953; FCC 59M-1223]

WBUD, INC. AND CONCERT NETWORK, INC.

Order Continuing Hearing Conference

In re applications of WBUD, Inc., Trenton, New Jersey, Docket No. 12952, File No. BPH-2600; CONCERT NET-WORK, INC., Trenton, New Jersey, Docket No. 12953, File No. BPH-2619; for construction permits for new FM broadcast stations.

Upon the Hearing Examiner's own motion, due to illness of counsel for the Broadcast Bureau: It is ordered, This 22d day of September 1959, that the prehearing conference herein, which is presently set for September 23, 1959, be, and the same is hereby, continued without date.

Released: September 22, 1959.

FEDERAL COMMUNICATIONS COMMISSION, MARY JANE MORRIS, [SEAL]

Secretary. [F.R. Doc. 59-8066; Filed, Sept. 25, 1959; 8:49 a.m.1

> [Docket No. 12939; FCC 59M-1222] WPGC, INC. (WPGC)

Order Continuing Prehearing Conference and Hearing

In re application of WPGC, Inc. (WFGC), Morningside, Maryland, Docket No. 12939, File No. BML-1790; for modification of license.

Upon the Hearing Examiner's own motion, due to illness of counsel for the Broadcast Bureau: It is ordered, This 22d day of September 1959, that the prehearing conference and hearing herein, which are presently set for September 25 and September 30, 1959, respectively, be, and the same are hereby, continued showing the extent and nature of the written notice of its objection to such without date.

Released: September 22, 1959.

FEDERAL COMMUNICATIONS COMMISSION,

[SEAL]

MARY JANE MORRIS, Secretary.

[F.R. Doc. 59-8067; -Filed, Sept. 25, 1959; 8:49 a.m.]

SECURITIES AND EXCHANGE COMMISSION

[File No. 70-2172]

MIDDLE WEST CORP. ET AL.

Notice of Filing of Application Reguesting Modification of Condition

SEPTEMBER 21, 1959.

In the matter of the Middle West Corporation, Middle West Service Company, Illinois Stock Transfer Company, Bureau of Safety, Insurance Trust Fund;

File No. 70-2172.

The Middle West Corporation ("Middle West"), a registered holding company, formerly controlled four subsidiary service companies ("Applicants"), Middle West Service Company ("Service Company"), Illinois Stock Transfer Company ("Stock Transfer"), Bureau of Safety ("Bureau"), and Insurance Trust Fund ("Trust Fund"). As steps in the dissolution of Middle West, the Commission, by Order dated November 1, 1949 (Holding Company Act Release No. 9472) in the above captioned proceeding, permitted to become effective a declaration regarding the transfer, without consideration, by Middle West of the capital stocks of Service Company, Stock Transfer, and Bureau to seven individuals, who were officers and department heads of one or more of such service companies. Service Company proposed to render services to former associates and other clients at other than cost. Stock Transfer, Bureau, and Trust Fund proposed to render services to former associates at cost. The declaration also provided for a profitsharing arrangement ("Plan") for those employees of Service Company who did not become stockholders thereof and for the disposition by Middle West of its interest in Trust Fund. The Plan provides that an amount equal to 50 percent of Service Company's annual net income be distributed to employees other than stockholders, who have been continuously employed by Service Company for one calendar year or more; such distribution being made on the basis of the ratio each employee's annual salary bears to the total annual salaries of such employees, with certain adjustments for length of service.

The Order of November 1, 1949 contained, among others, the following two conditions: That "(1) Middle West, Stock Transfer, Bureau and Trust Fund shall keep their accounts in accordance with the Uniform System of Accounts for Service Companies prescribed by this Commission and shall file annual reports on Form U-13-60 and quarterly reports

services which these companies have rendered to each of its former affiliates, the amounts charged, reasonably detailed description of services rendered together with copies of representative work orders and such additional information as the Commission may from time to time request" and that "(2) jurisdiction is specifically reserved to entertain such further proceedings and to take such further action as may be appropriate in the premises." The purpose of such terms and conditions was to assure that the continuation of servicing relationships between Applicants and their former associate public utility clients would not operate to perpetuate the control theretofore exercised over such clients by Middle West.

In its Order dated February 17, 1954 (Holding Company Act Release No. 12367), the Commission rescinded Condition No. 1. All other conditions contained in the 1949 Order remained in full force and effect.

Applicants have filed an application and amendments thereto requesting that the Order of November 1, 1949 be further modified in the following respects.

Applicants propose to modify the Plan by substituting therefor, effective beginning the calendar year 1960, a deferred profit-sharing plan so as to provide (1) greater incentive for those employees of Applicants who are stockholders of Service Company and who thus are not eligible to participate in the Plan and (2) more attractive retirement benefits for all employees of the Applicants.

Applicants further request that the jurisdiction reserved in Condition No. 2 of the 1949 Order be released insofar as the Applicants may be required by said order to obtain the approval or consent of the Commission, with respect to (1) any change in the operating methods and procedures or internal management of any of the Applicants; (2) any change in the service contractual relationships between any of the Applicants and their respective clients; (3) any change in the ownership of the capital stock of Service Company by persons who have been, or at the time of such change, are employees or officers of any of the Applicants, except any change or proposed change in ownership of such capital stock which would result from any acquisition in the future by Service Company of, or merger of Service Company with, one or more service companies other than Stock Transfer and/or Bureau; and (4) any acquisition by Service Company of assets of Stock Transfer and/or Bureau or any merger of Stock Transfer and/or Bureau into Service Company.

Applicants request further that in respect of any proposed transaction not encompassed by the foregoing four clauses they be required only to give the Commission written notice of any transaction not less than twenty days prior to the proposed effectiveness of any such transaction and that the Commission shall be deemed to have approved or consented to such transaction, without further action on its part, unless the Commission shall have given Applicants

proposed transaction.

The Applicants understand that the release of jurisdiction requested in their application, as amended, shall in no way limit the Commission's powers reserved in Condition No. 2 of the Order dated November 1, 1949, on its own motion, to entertain such further proceedings and to take such further action as may be appropriate in the premises to effectuate the intent of the aforesaid order.

Notice is hereby given that any interested person may, not later than October 6, 1959, at 5:30 p.m., request the Commission in writing that a hearing be held on such matter, stating the nature of his interest, and the issues of fact or law, if any, raised by said application which he desires to controvert, or he may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, Washington 25, D.C. At any time after said date, the application as filed, or as it may further be amended, may be granted,

By the Commission,

ISEAT.

ORVAL L. DUBOIS, Secretary.

[F.R. Doc. 59-8051; Filed, Sept. 25, 1959; 8:47 a.m.]

INTERSTATE COMMERCE COMMISSION

[Notice 195]

MOTOR CARRIER TRANSFER **PROCEEDINGS**

SEPTEMBER 23, 1959.

Synopses of orders entered pursuant to section 212(b) of the Interstate Commerce Act, and rules and regulations prescribed thereunder (49 CFR Part 179), appear below:

As provided in the Commission's special rules of practice any interested person may file a petition seeking reconsideration of the following numbered proceedings within 20 days from the date of publication of this notice. Pursuant to section 17(8) of the Interstate Commerce Act, the filing of such a petition will postpone the effective date of the order in that proceeding pending its disposition. The matters relied upon by petitioners must be specified in their petitions with particularity.

No. MC-FC 62179. By order of September 22, 1959, the Transfer Board approved the transfer to Edward James Godemann, doing business as Curtis Moving and Storage Company, 2645 Genesee St., Utica, New York, of Certificate No. MC 14033, issued May 9, 1949, to Anna L. M. Cusworth, doing business as L. H. Curtis Trucking & Storage, 409 LaFayette St., Utica, New York, authorizing the transportation of: Household goods, between Utica, N.Y., and points within 35 miles thereof, on the one hand, and on the other, points in Connecticut, Massachusetts, New Jersey, New York and Pennsylvania.

No. MC-FC 62277. By order of September 22, 1959, the Transfer Board approved the transfer to Earl S. Babcock, 2107 Jackson Street, Beloit, Wis., of Certificate No. MC 24113, issued July 27, 1955, to George J. Ahrens, doing business as Beloit Cartage, 1034 Garfield Ave., Beloit, Wis., authorizing the transportation of: Canned or prepared food stuffs, fresh fruits and vegetables, and groceries, between Janesville, Wis., and Chicago, Ill., serving the intermediate point of Beloit, Wis.; and general commodities, excluding household goods, commodities in bulk, and other specified commodities, between points in Beloit, Wis., and South Beloit, Ill.

No. MC-FC 62470. By order of September 22, 1959, the Transfer Board approved the transfer to Demeny's N.Y. & N.J. Express, Inc., Wallington, N.J., of Certificate in No. MC 29953, issued December 13, 1940, to John Demeny, Jr., doing business as Demeny's N.Y. & N.J. Express, Wallington, N.J., authorizing the transportation of: General commodities, excepting household goods, commodities in bulk, and the other usual exceptions, between New York, N.Y., and

points in Nassau County, N.Y., on the one hand, and, on the other, points in Bergen, Passaic, Hudson, Morris, Essex, Monmouth, Middlesex, Union, and Somerset Counties, N.J. George A. Olsen, 69 Tonnele Avenue, Jersey City 6, N.J., for applicants.

No. MC-FC 62481. By order of September 22, 1959, the Transfer Board approved the transfer to Louis A. Thievon & Sons, Inc., Stirling, N.J., of the operating rights in Permits Nos. MC 37157 Sub 1 and MC 27157 Sub 3, issued December 6, 1941, and June 6, 1947, respectively, to Louis A. Thievon, doing business as Louis A. Thievon & Sons, authorizing the transportation, over irregular routes, of asbestos and asbestos products, from Millington, N.J., to New York, N.Y., and from Millington to Philadelphia, Pa., Kingston, N.Y., and points in Nassau and Suffolk Counties, N.Y. Oscar F. Laurie, 6 Court Street, Morristown, N.J., for applicants.

[SEAL]

HAROLD D. McCoy, Secretary.

[F.R. Doc. 59-8054; Filed, Sept. 25, 1959; 8:47 a.m.]

Title 2—THE GONGRESS

ACTS APPROVED BY THE PRESIDENT

EDITORIAL NOTE: After the adjournment of the Congress sine die, and until all public acts have received final Presidential consideration, a listing of public laws approved by the President will appear in the daily FEDERAL REGISTER under Title 2, The Congress. A consolidated listing of the new acts approved by the President will appear in the Daily Digest in the final issue of the Congressional Record covering the 86th Congress, First Session.

Approved September 24, 1959

H.R. 6904_____Public Law 86-380
An Act to establish an Advisory Commission on Intergovernmental Relations.

Approved September 25, 1959

H.R. 4821—————————Public Law 86-381 An Act to amend the Act of August 12, 1955, Public Law 378, Eighty-fourth Congress (69 Stat. 707), so as to provide additional relief for losses sustained in the Texas City disaster.

CUMULATIVE CODIFICATION GUIDE—SEPTEMBER

A numerical list of parts of the Code of Federal Regulations affected by documents published to date during September. Proposed rules, as opposed to final actions, are identified as such.

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